



**HALIFAX HEALTH**

**Investment Committee**

**Monday, November 12, 2018**

**Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

# HALIFAX HEALTH INVESTMENT COMMITTEE

4:00 p.m., Monday, November 12, 2018

## AGENDA

- I. Call to Order
- II. Minutes
  - August 13, 2018 portal page 3, **action requested**
- III. Manager Presentation
  - Vanguard, *Brian Lunney & Mike Fleming* portal page 5, **information only**
- IV. Financial Advisor, *Mike Walsh*
  - Assessment – Vanguard portal page 52, **action requested**
  - Quarterly Review portal page 57, **action requested**
- V. Old Business
- VI. New Business
  - RFP, Investment Advisory Services portal page 108, **action requested**
  - 2019 Quarterly Timeline, Investment Committee portal page 174, **information only**
- VII. Informational Only
  - Investment Performance Report, September 2018 portal page 175, **information only**
- VIII. Open Discussion & Public Participation
- IX. Next Meeting: Monday, **March 11, 2019**, 4:00 p.m. – Regular scheduled meeting.
- X. Adjournment

Halifax Hospital Medical Center  
Investment Committee Meeting, Sub Committee Audit & Finance Committee  
France Tower, Conference Room A, 303 N. Clyde Morris Blvd., Daytona Beach, FL 32114  
Monday, August 13, 2018

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Present: Ted Serbousek, Chairman & Chairman, Audit & Finance Committee  
Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman, Board of Commissioners  
Dave Graffagnino, Member  
Greg Motto, Member, Audit & Finance Committee  
Mike Walsh, Advisor  
Decker Youngman, Member, Audit & Finance Committee

Not Present: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board of Commissioners

Also Present: Jeff Feasel, President & Chief Executive Officer  
Eric Peburn, Executive Vice President & Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Ben Eby, Director of Finance, Halifax Health Hospice  
Joe Petrock, Executive Director, Halifax Health Foundation  
Arvin Lewis, Sr. VP/Chief Revenue Officer  
Andrew Colantonio, Dimensional Fund Advisors  
Jim Charles, Dimensional Fund Advisors  
Marcus Axthelm, Dimensional Fund Advisors  
Kathleen Dulko, Ashford Investment Advisors

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The meeting was called to order at 4:00 p.m. by Ted Serbousek.

**Minutes**

Discussion: Minutes from the May 14, 2018 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the May 14, 2018 Investment Committee minutes as presented. Mr. Francati seconded the motion and it carried unanimously.

**Manager Presentation**

Discussion: Manager Presentation – Dimensional Fund Advisors (DFA)  
Mr. Charles, Mr. Axthelm and Mr. Colantonio from DFA were introduced and presented a portfolio update (board portal).

Action: None required.

**Manager Assessment, Quarterly Review and Allocation Review**

Discussion: Manager Assessment – DFA  
Mr. Walsh presented the results of his comparative evaluation for DFA (international, small cap, emerging, and large value comparisons). Brief discussion ensued.

Action: Mr. Francati moved to remain with DFA. Mr. Graffagnino seconded the motion and it carried unanimously.

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 2<sup>nd</sup> calendar quarter, ended 6/30/2018. Review of allocation was included within overall discussion as information only.

Action: None required.

### **Old Business**

Discussion: None.

### **New Business**

Discussion: Annual Investment Policy Review Checklist

Mr. Bailey referred to the policy review checklist, stating that all requirements were reviewed and completed. Proposed change to the asset allocation strategy of the Pension Plan is recommended (see separate memo).

Action: Mr. Youngman moved to approve that the Annual Investment Policy Review Checklist. Mr. Francati seconded the motion and it carried unanimously.

Discussion: Annual Investment Policies Review

Mr. Bailey reported that the investment policies of Halifax Hospital Medical Center, H.H. Holdings, Hospice, the Foundation and the Pension Plan were included for review. In order to clarify the targeted investment allocation percentages in the Hospice, Foundation, and Pension Plan policies, red-line changes to the policies were recommended and should be reviewed/approved by each of the respective boards (Hospice, Foundation, Staffing).

In addition, Mr. Walsh recommended the Pension Plan, Emerging Markets targeted investment allocation be lowered. The lower Emerging Markets allocation percentage will make the Pension Plan investment returns more stable, as this investment category has experienced significant volatility. The allocation range is proposed to be changed from "3%-7%" to "0%-7%" in the Halifax Health Pension Plan investment policy.

Action: Mr. Graffagnino moved to approve the proposed changes to the stated Investment Policies. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Annual Investment Charter Review

Mr. Bailey reported that the Investment Committee Charter was included for review; there are not any changes recommended at this time.

Action: Mr. Francati moved to approve that no changes to the Annual Investment Charter were required. Mr. Motto seconded the motion and it carried unanimously.

### **Informational Only**

Discussion: Investment Performance Report, June 2018

Action: None required.

**Next Meeting:** Monday, November 12, 2018, 4 p.m. – Regular scheduled meeting

### **Open Discussion**

Discussion: None.

### **Adjournment**

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Ted Serbousek

Prepared for

# Halifax Health

November 12, 2018



**Vanguard**

# Agenda

- I. Investment performance summary
  - II. Market and economic outlook
  - III. Benchmarks overview
- Appendix
- Fund pages

**Presented by:**

Brian G. Lunney, CAIA, CIMA®  
Relationship Executive  
Institutional Investor Group

Michael Fleming, CFA  
Director, Nonprofit Solutions  
Institutional Investor Group

# Investment performance summary

## Asset summary as of September 30, 2018

Vanguard funds	H H Holdings	Halifax Hospital Medical Staff Services	Halifax Hospice, Inc.	Halifax Medical Center Foundation FBO Halifax Medical Center	Halifax Medical Center Foundation Inc.	Halifax Pension (via Wells Fargo accounts)	Grand Total
<b>Fixed income</b>							
Short-Term Investment-Grade Fund Institutional Shares	\$24,240,824		\$1,563,479	\$1,378,614	\$1,015,149		\$28,198,066
Short-Term Federal Fund Admiral™ Shares		\$355,559					\$355,559
Federal Money Market Fund <sup>5</sup>				\$6,232,555			\$6,232,555
<b>Subtotal</b>							<b>\$34,786,180</b>
<b>Equity</b>							
Growth Index Fund Institutional Shares			\$6,888,493		\$2,316,628	\$15,601,928	\$24,807,049
Small-Cap Growth Index Fund Institutional Shares			\$6,814,356		\$2,841,100	\$15,791,368	\$25,446,824
Health Care Fund Admiral™ Shares			\$742,642			\$11,962,990	\$12,705,632
Energy Fund Admiral™ Shares			\$766,112		\$289,048	\$11,516,304	\$12,571,464
<b>Subtotal</b>							<b>\$75,530,969</b>
<b>Grand total</b>	<b>\$24,240,824</b>	<b>\$355,559</b>	<b>\$16,775,082</b>	<b>\$7,611,169</b>	<b>\$6,461,925</b>	<b>\$54,872,590</b>	<b>\$110,317,149</b>



## Investment performance returns

Fund/Index/Average	Expense ratio* (%)	Three months (%)	Year-to-date (%)	One year (%)	Annualized (as of 09/30/2018)			
					Three years (%)	Five years (%)	Ten years (%)	Since inception (%)
<b>Domestic equity funds</b>								
<b>Vanguard Growth Index Fund Institutional Shares (05/14/1998)</b>	<b>0.04</b>	<b>7.80</b>	<b>15.51</b>	<b>22.70</b>	<b>18.62</b>	<b>15.21</b>	<b>13.47</b>	<b>7.12</b>
<i>Spliced Growth Index<sup>1</sup></i>		7.78	15.51	22.70	18.64	15.25	13.52	—
<i>Large-Cap Growth Funds Average</i>		7.67	17.16	24.68	18.41	14.63	12.39	—
<b>Vanguard Small-Cap Growth Index Fund Institutional Shares (05/24/2000)</b>	<b>0.06</b>	<b>6.63</b>	<b>16.87</b>	<b>23.60</b>	<b>17.78</b>	<b>11.47</b>	<b>13.16</b>	<b>9.89</b>
<i>Spliced Small Cap Growth Index<sup>2</sup></i>		6.65	16.88	23.61	17.72	11.41	13.03	—
<i>Small-Cap Growth Funds Average</i>		7.51	20.51	26.75	18.58	11.91	12.27	—
<b>Specialty funds</b>								
<b>Vanguard Energy Fund Admiral™ Shares (11/12/2001)</b>	<b>0.30</b>	<b>1.67</b>	<b>8.14</b>	<b>15.11</b>	<b>13.88</b>	<b>1.17</b>	<b>3.08</b>	<b>9.70</b>
<i>Spliced Energy Index<sup>3</sup></i>		2.42	8.63	16.03	13.73	1.02	1.71	—
<i>Global Natural Resources Funds Avg</i>		-0.29	0.46	7.01	9.32	-1.99	-0.84	—
<i>Difference due to fair value pricing</i>		0.02	0.02	-0.05	-0.03	0.00	-0.03	—
<b>Vanguard Health Care Fund Admiral™ Shares (11/12/2001)</b>	<b>0.33</b>	<b>13.08</b>	<b>13.93</b>	<b>14.58</b>	<b>10.50</b>	<b>14.80</b>	<b>14.47</b>	<b>11.08</b>
<i>Spliced Health Care Index<sup>4</sup></i>		10.87	12.54	13.95	10.42	11.49	11.82	—
<i>Global Health/Biotech Funds Avg</i>		9.93	14.51	12.52	9.08	12.80	12.37	—
<i>Difference due to fair value pricing</i>		0.04	0.06	-0.03	-0.03	-0.01	-0.04	—
<b>Bond funds</b>								
<b>Vanguard Short-Term Federal Fund Admiral™ Shares (02/12/2001)</b>	<b>0.10</b>	<b>0.15</b>	<b>0.02</b>	<b>-0.16</b>	<b>0.55</b>	<b>0.83</b>	<b>1.84</b>	<b>3.00</b>
<i>BloomBarc US 1-5 Yr Government Idx</i>		0.06	-0.21	-0.61	0.28	0.71	1.65	—
<i>Short-Intermed US Gov't Funds Avg</i>		—	-0.41	-0.66	0.04	0.51	1.64	—

The performance data shown represent past performance. Past performance is no guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). Some funds assess purchase, redemption, and/or account maintenance fees. The performance data shown do not reflect deduction of these fees. If they did, performance would be lower. Details on these fees and adjusted performance figures can be found in the fund detail section.

Source: Data derived from Morningstar.

For some funds, fees are levied on purchases or redemptions to offset the costs of buying and selling portfolio securities. For others, fees are assessed on redemptions made within certain time periods after a purchase to discourage short-term trading. All purchase or redemption fees are paid directly to the fund to compensate long-term shareholders for the costs of trading activity. Note that one-year performance figures are not fee-adjusted for fees incurred on shares held less than one year.

\* Expense ratio data are as of the fund's most recent prospectus.

## Investment performance returns

Fund/Index/Average	Expense ratio* (%)	Three months (%)	Year-to-date (%)	One year (%)	Annualized (as of 09/30/2018)			
					Three years (%)	Five years (%)	Ten years (%)	Since inception (%)
<b>Bond funds (continued)</b>								
<b>Vanguard Short-Term Investment-Grade Fund Institutional Shares (09/30/1997)</b>	<b>0.07</b>	<b>0.62</b>	<b>0.32</b>	<b>0.28</b>	<b>1.68</b>	<b>1.80</b>	<b>3.27</b>	<b>3.98</b>
<i>BloomBarc US 1-5 Year Credit Index</i>		<i>0.63</i>	<i>0.18</i>	<i>0.05</i>	<i>1.55</i>	<i>1.74</i>	<i>3.82</i>	—
<i>1-5 Year Inv-Grade Debt Funds Avg</i>		<i>0.49</i>	<i>0.37</i>	<i>0.35</i>	<i>1.28</i>	<i>1.18</i>	<i>2.38</i>	—
<b>Stable net asset value funds</b>								
<b>Vanguard Federal Money Market Fund (07/13/1981) <sup>5</sup></b>	<b>0.11</b>	<b>0.48</b>	<b>1.23</b>	<b>1.50</b>	<b>0.79</b>	<b>0.48</b>	<b>0.34</b>	<b>4.20</b>
<i>US Gov't Money Market Funds Average</i>		<i>0.33</i>	<i>0.81</i>	<i>0.94</i>	<i>0.39</i>	<i>0.23</i>	<i>0.15</i>	—
<i>FTSE 3-Month US T-Bill Index</i>		<i>0.50</i>	<i>1.32</i>	<i>1.57</i>	<i>0.80</i>	<i>0.48</i>	<i>0.31</i>	—
<i>7-day SEC yield <sup>6</sup> = 2.08%</i>								

Source: Data derived from Morningstar.

\* Expense ratio data are as of the fund's most recent prospectus.

1 S&P 500 Growth Index (formerly known as the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.

2 S&P SmallCap 600 Growth Index (formerly known as the S&P SmallCap 600/Barra Growth Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.

3 S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter.

4 S&P 500 Index through December 31, 2001; S&P Health Care Index through May 31, 2010; MSCI All Country World Health Care Index thereafter.

5 You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

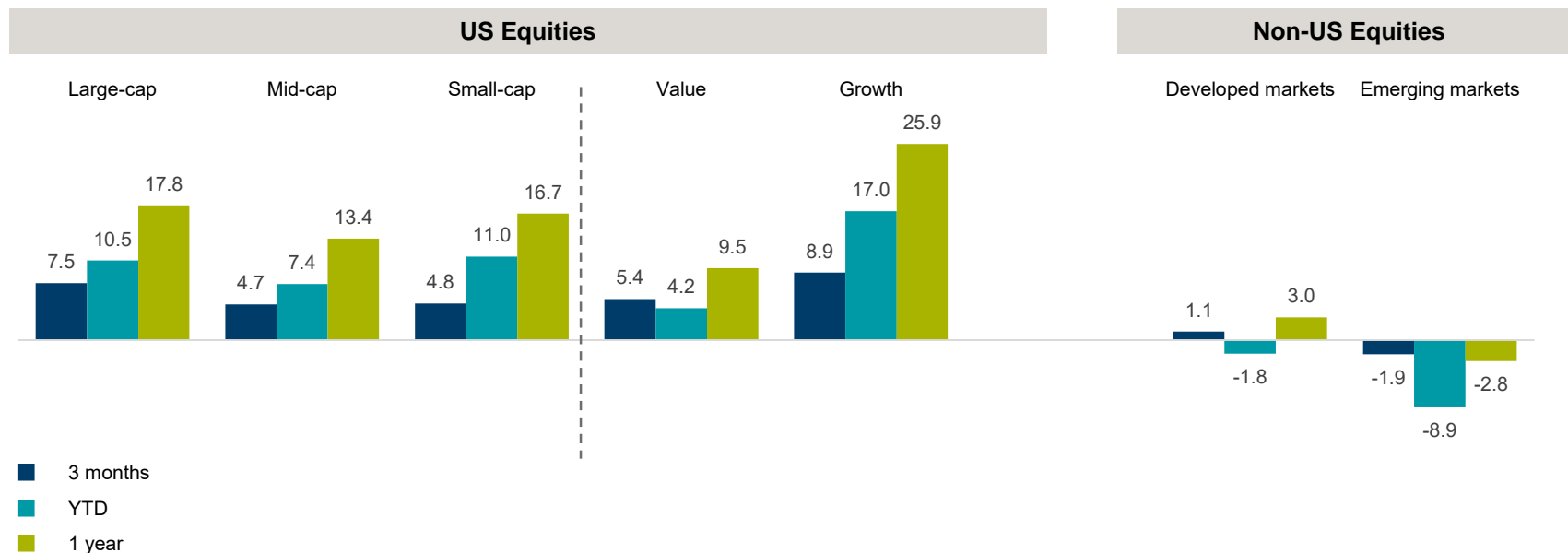
6 The yield quotation more closely reflects the current earnings of the fund than the total return quotation.

# Market and economic outlook

## U.S. stocks pick up steam after slow start to 2018 while international stocks struggle

- Strong returns across the market capitalizations with small-cap stocks leading in 2018 with potential tailwinds from tax reform and less impact from trade discourse
- U.S. growth stocks continue to outperform value stocks led by strong returns in Health Care and Information Technology
- Emerging markets turned negative for the year due to a stronger U.S. dollar and higher U.S. treasury yields

### Global equity market returns as of September 30, 2018 (%)



**Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

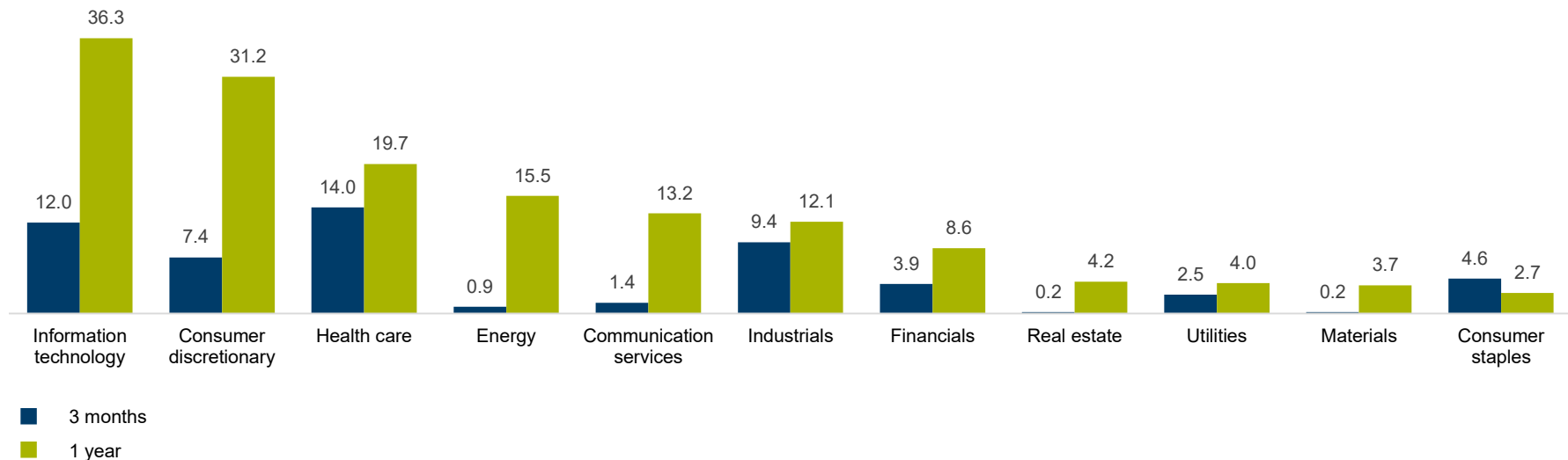
Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones.

Large-cap (CRSP US Large Cap Index), Mid-cap (CRSP US Mid Cap Index), Small-cap (CRSP US Small Cap Index); Value (Russell 3000 Value Index), Growth (Russell 3000 Growth Index); Developed markets (FTSE Developed All Cap ex-US Index), Emerging markets (FTSE Emerging Markets All Cap China A Inclusion Index)

## U.S. sector performance – Results favor growth over value style

- Continued strength in growth sectors notably Health Care and Technology over the last 3 months
- All 11 sectors have posted positive returns over the last quarter and year
- Higher interest rates have generally weighed on returns for the bond proxies (Real Estate, Utilities, and Consumer Staples) over the last 12 months

### U.S. equity sector returns as of September 30, 2018 (%)



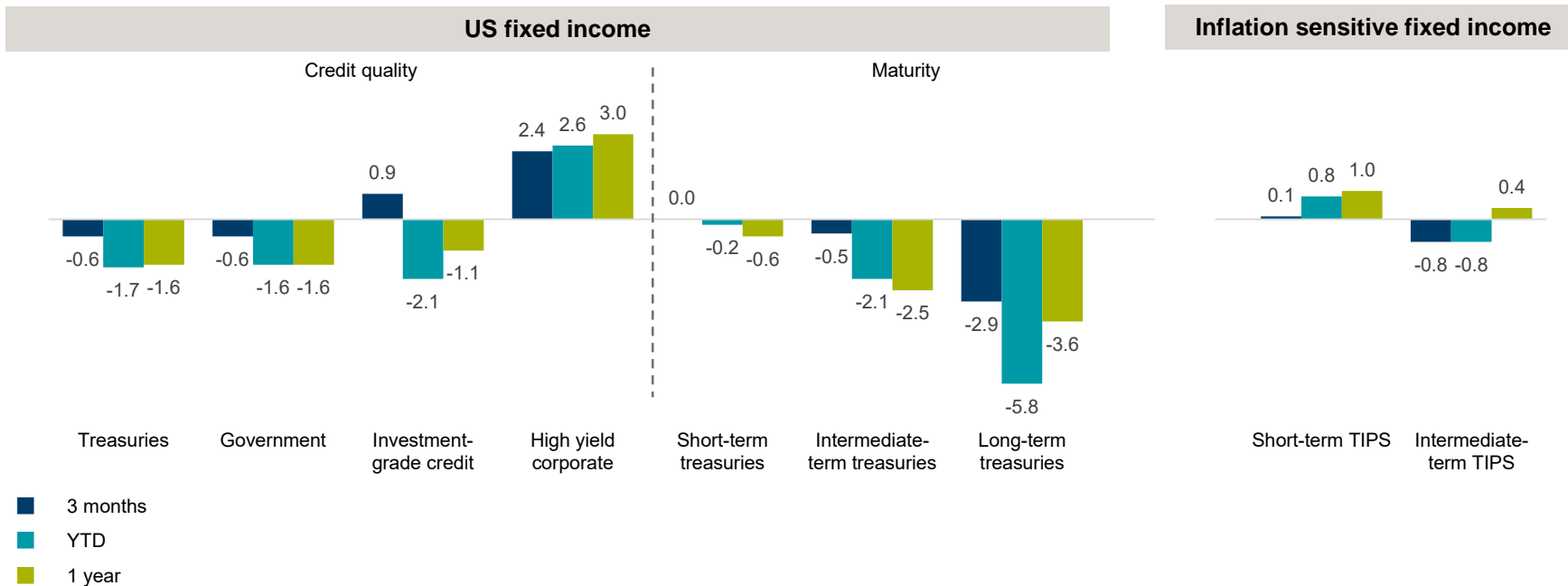
**Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

Sources: FactSet and Vanguard.  
 U.S. markets measured by CRSP US Total Market Index, and international markets represented by FTSE All-Cap ex US Index. Past performance is no guarantee of future returns.

## Domestic nominal bonds continue to struggle in 2018

- Widening credit spreads throughout 2018 have been a headwind for investment-grade bond returns
- The U.S. Treasury yield curve continues to flatten, with short-term rates moving up more than long-term rates creating a drag on fixed income returns
- Inflation adjusted treasuries have generated positive returns, outperforming nominal treasuries with the inflation adjustment providing some cushion from the effects of higher rates

### Domestic fixed income market returns as of September 30, 2018 (%)



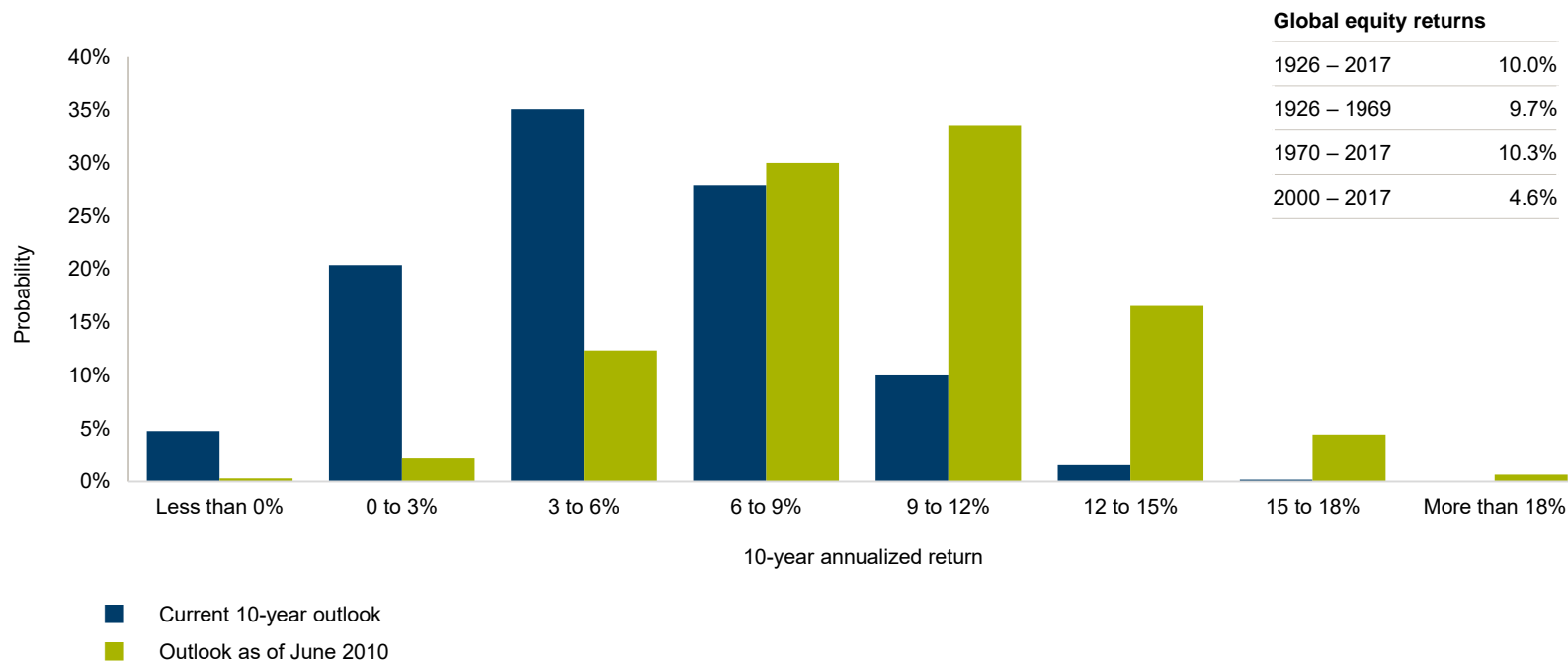
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Bloomberg Barclays, FTSE, MSCI, Russell, and Dow Jones.  
 Treasuries-Government-Investment Grade Corporates-High Yield (Barclays US Treasury/Government/Credit/Corporate High Yield Indices); Short-Inter-Long-term Treasuries (Barclays US 1-5/5-10/Long Year Treasury Indices)  
 Treasury Inflation Protected Securities (Bloomberg Barclays U.S. Treasury Inflation Protected Index), Short-term TIPS (Bloomberg Barclays U.S. Treasury 0-5 Year Inflation Protected Index)

## Projected global equity ten-year return outlook

VCMM-simulated distribution of expected average annualized nominal return of global equity market as of June 2010 and June 2018

Global equity 60% US / 40% Global Ex US



**IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 30, 2018. Results from the model may vary with each use and over time. For more information, please see the important information slide.**

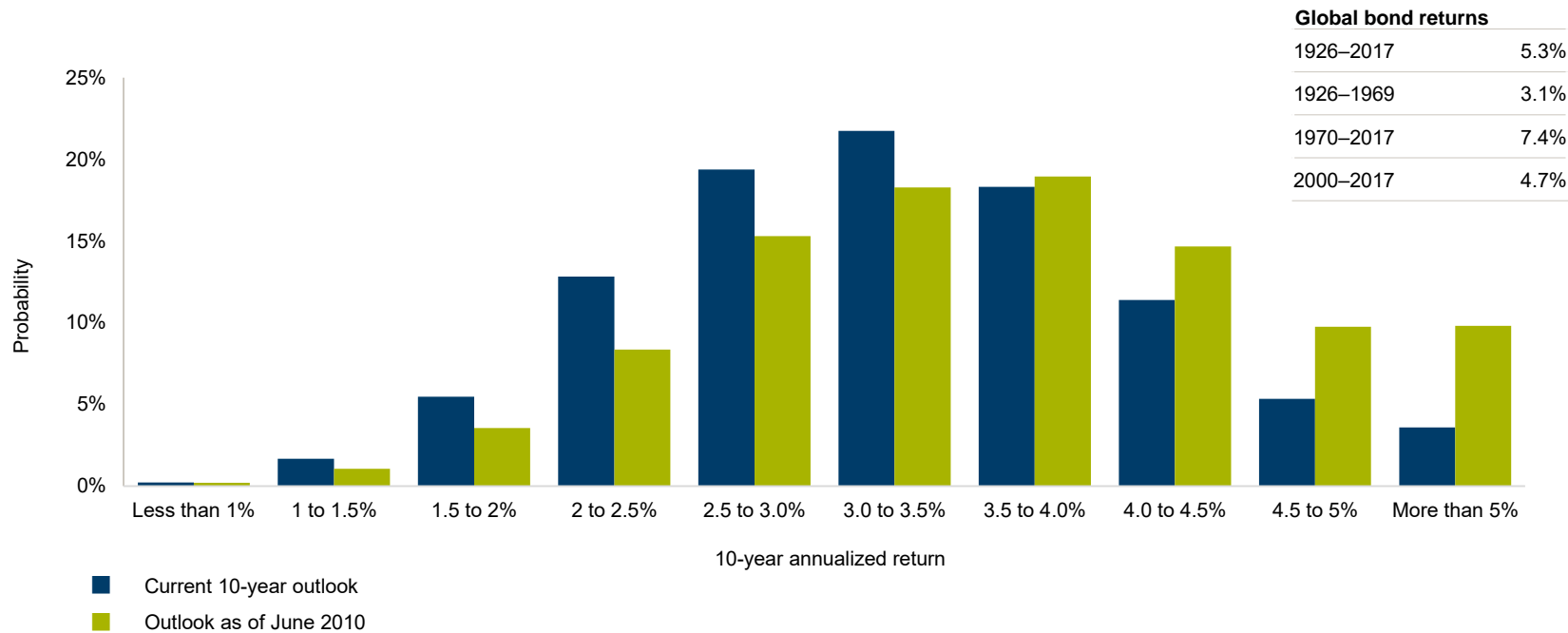
Sources: Vanguard.

Notes: Figure displays projected range of potential returns for portfolios of 60% U.S./40% ex-U.S. equities unhedged in USD, rebalanced annually. For details on benchmarks used for historical returns, see "Indexes used in our historical calculations," on page 5 of 2017 economic and market outlook: Stabilization, not stagnation (Davis et. al 2016).

## Projected global fixed income ten-year return outlook

VCMM-simulated distribution of expected average annualized nominal return of total fixed income market as of June 2010 and June 2018

Global bonds 70% US / 30% Global Ex US



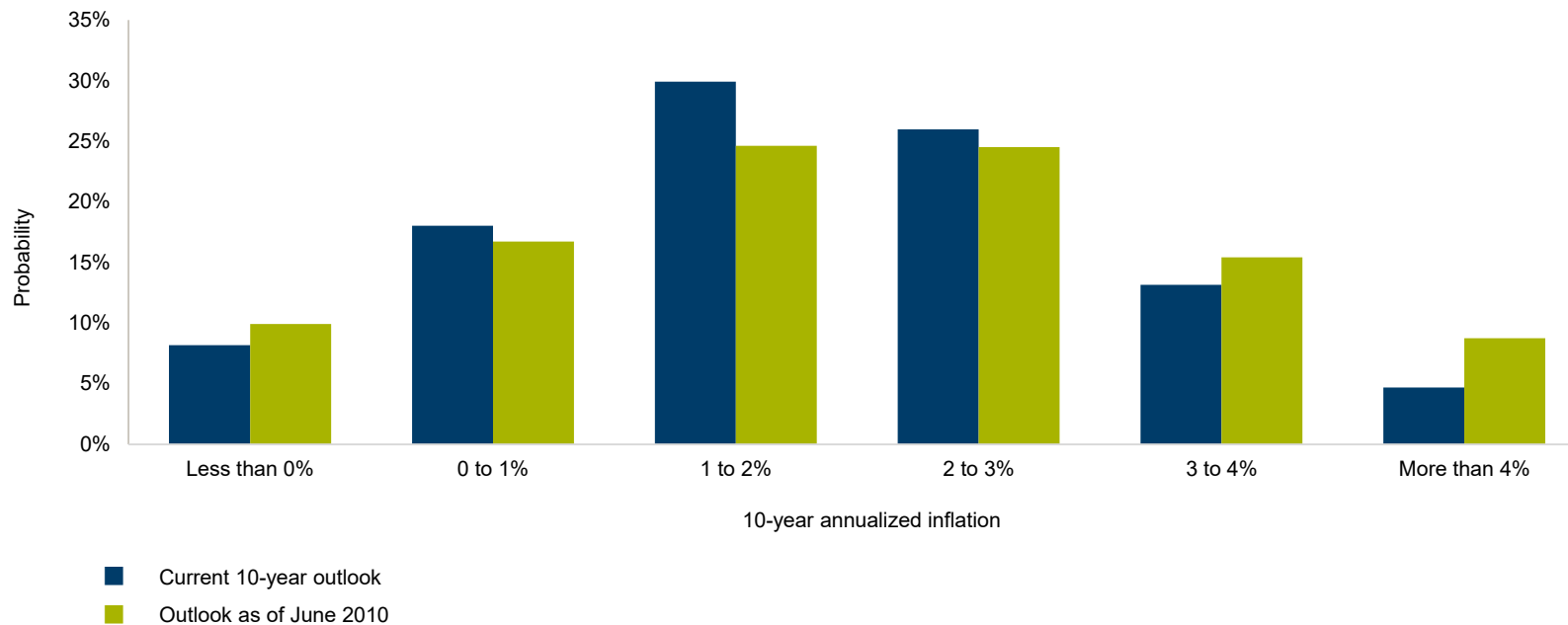
**IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 30, 2018. Results from the model may vary with each use and over time. For more information, please see the important information slide.**

Note: Figure displays projected range of returns for a portfolio of 70% U.S. bonds and 30% ex-U.S. bonds, rebalanced quarterly. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2016). Source: Vanguard.



## Projected U.S. Consumer Price Index (CPI) outlook

### U.S. 10-year inflation outlook is near 2%

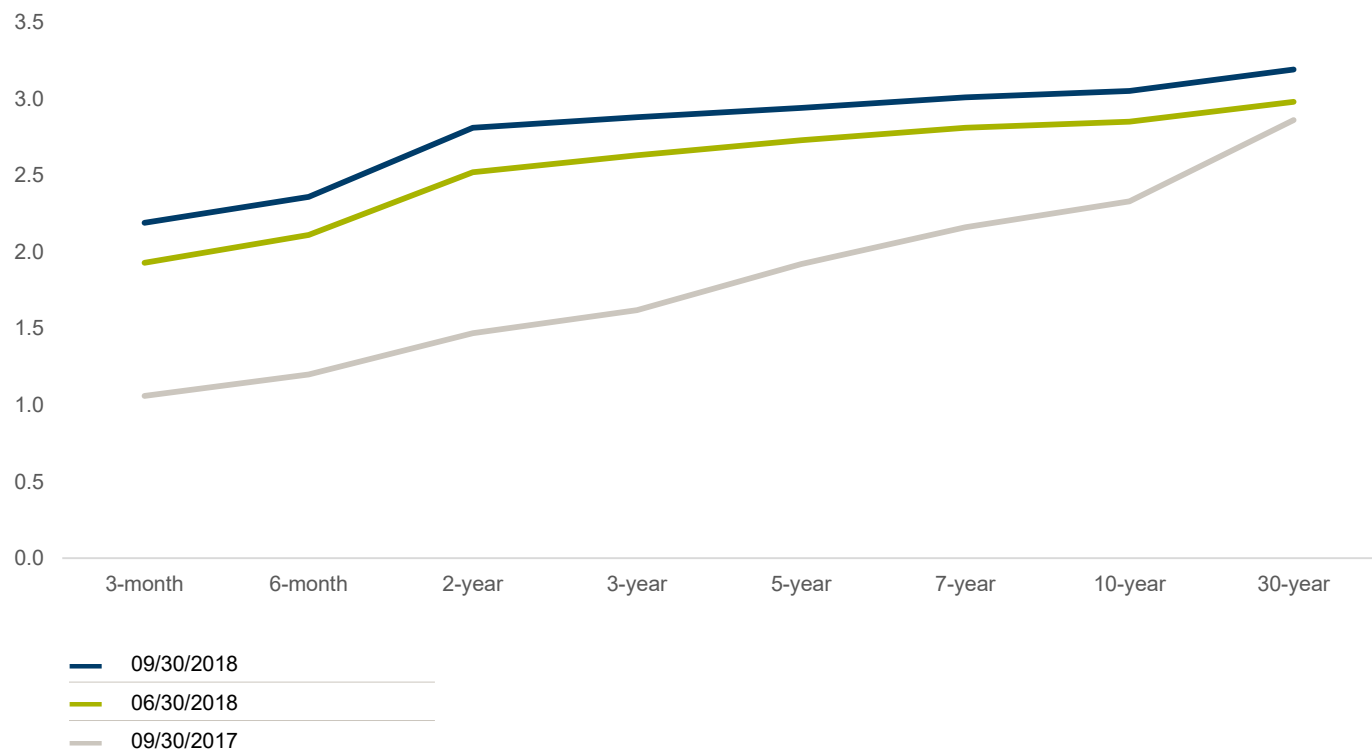


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Source: Vanguard calculations, based on data from U.S. Bureau of Labor Statistics.

## U.S. Treasury yield curve – Rising rates across the entire yield curve

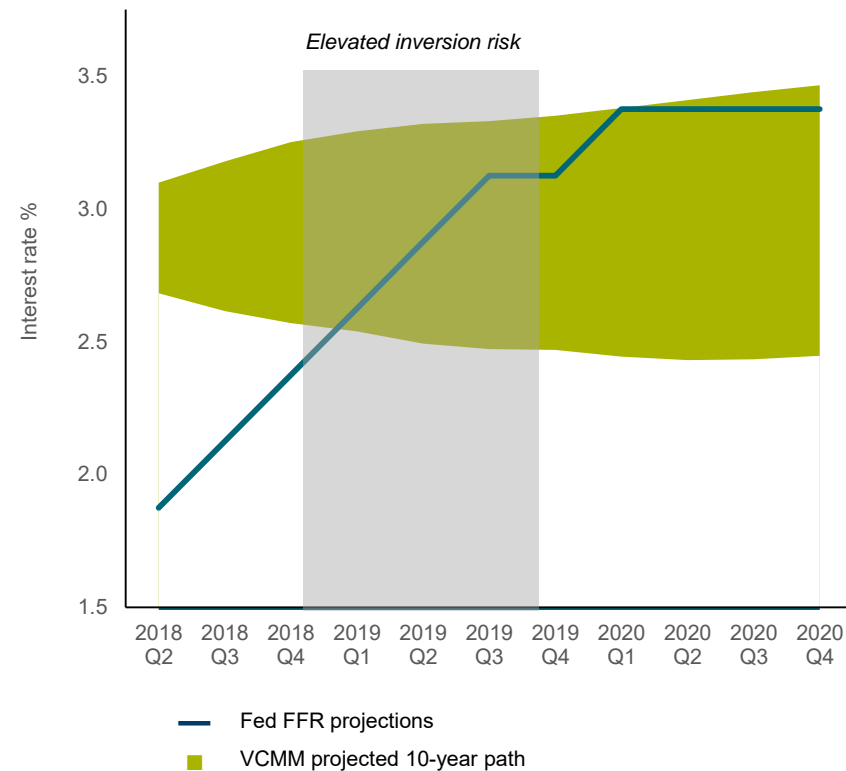
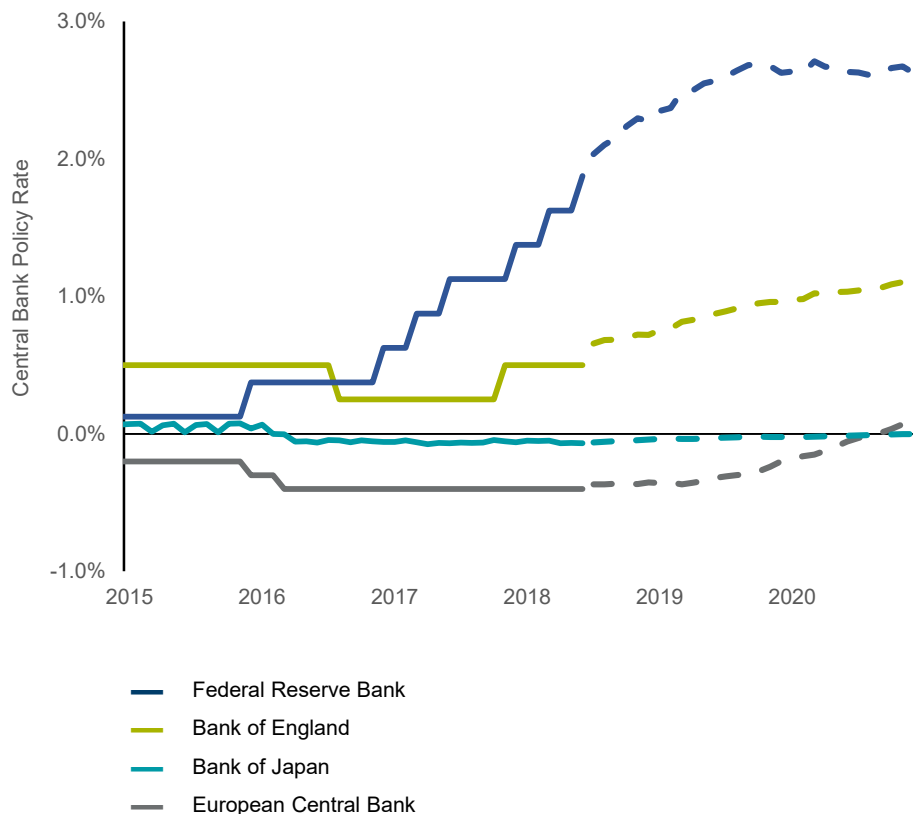
Yield (%) and change (bps)	3-month	6-month	2-year	3-year	5-year	7-year	10-year	30-year
<b>Current Yield (%)</b>	<b>2.19</b>	<b>2.36</b>	<b>2.81</b>	<b>2.88</b>	<b>2.94</b>	<b>3.01</b>	<b>3.05</b>	<b>3.19</b>
3 Mo. Δ	26	25	29	25	21	20	20	21
12 Mo. Δ	113	116	134	126	102	85	72	33



## U.S. Monetary policy results in rising rates and a flatter curve

### U.S. is leading the path in monetary policy normalization

### Further yield curve flattening expected, inversion risk increases by 2019



**IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information, please see the important information slide.**

Sources: (LHS) Vanguard, using data from Bloomberg.

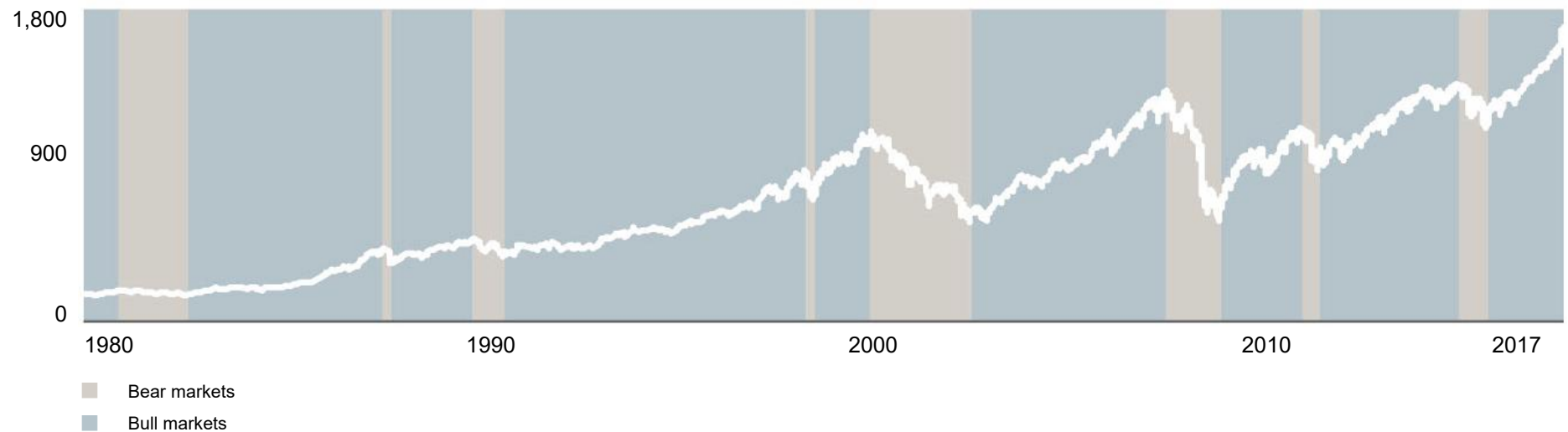
Notes: The solid lines represent Central Bank policy rates as defined as the Federal Funds Target Rate, Bank of Japan Unsecured Overnight Call Rate, UK Bank of England Official Bank Rate, Euro Overnight Index Average. Dotted lines represent expected future rates calculated via the futures market. Data as of September 30, 2018. (RHS) Vanguard calculations, based on data from Thomson Reuters Datastream and Moody's Analytics Data Buffet; Federal Reserve Bank of New York. (RHS) FFR refers to federal funds rate. The U.S. 10-year Treasury path range uses the 35<sup>th</sup> and 65<sup>th</sup> percentile of projected Vanguard Capital Markets Model® (VCMM) path observations. VCMM is a proprietary financial simulation engine designed to help clients make effective asset allocation decisions.

## Key takeaways

- Further flattening of the yield curve.
- Likelihood of the yield curve inverting increases in 2019.
- The yield curve has been a reliable signal of economic growth: still relevant
- Expected portfolio returns more muted in the environment ahead.
- Foresee an increasing diversification benefit of fixed income assets as interest rates normalize.

## Downturns aren't rare events: Typical investors, in all markets, will endure many of them during their lifetime

Global stock prices  
January 1, 1980 to present



One attention-grabbing downturn every two years\*

11 corrections  
Decline of 10% or more

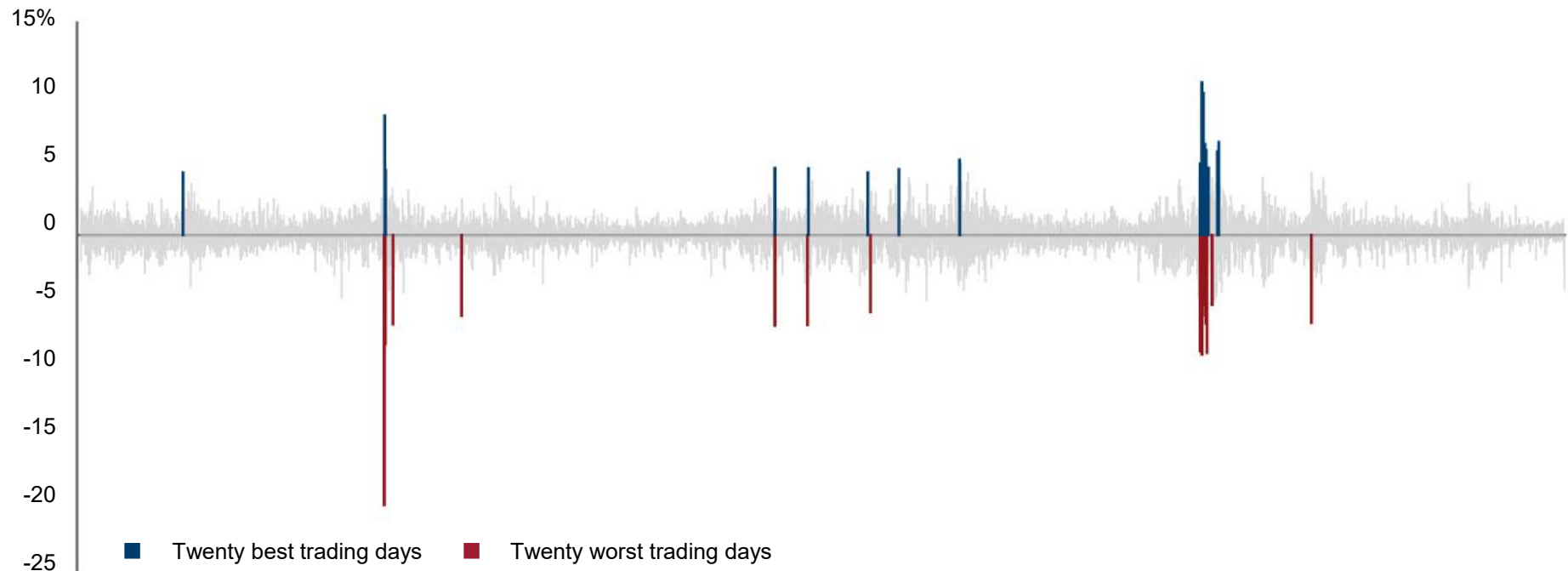
8 bear markets  
Decline of 20% or more, at least two months long

Past performance is no guarantee of future results.

\* Source: Vanguard analysis based on the MSCI World Index from January 1, 1980, through December 31, 1987, and the MSCI AC World Index thereafter. Both indexes are denominated in U.S. dollars. Our count of corrections excludes those that turn into a bear market. We count corrections that occur after a bear market has recovered from its trough even if stock prices haven't yet reached their previous peak.

## Timing the market is futile: The best and worst trading days happen close together

S&P 500 Index daily returns, December 31, 1979, through January 31, 2018\*



**Twelve of the twenty best trading days**  
occurred in years with negative annual returns

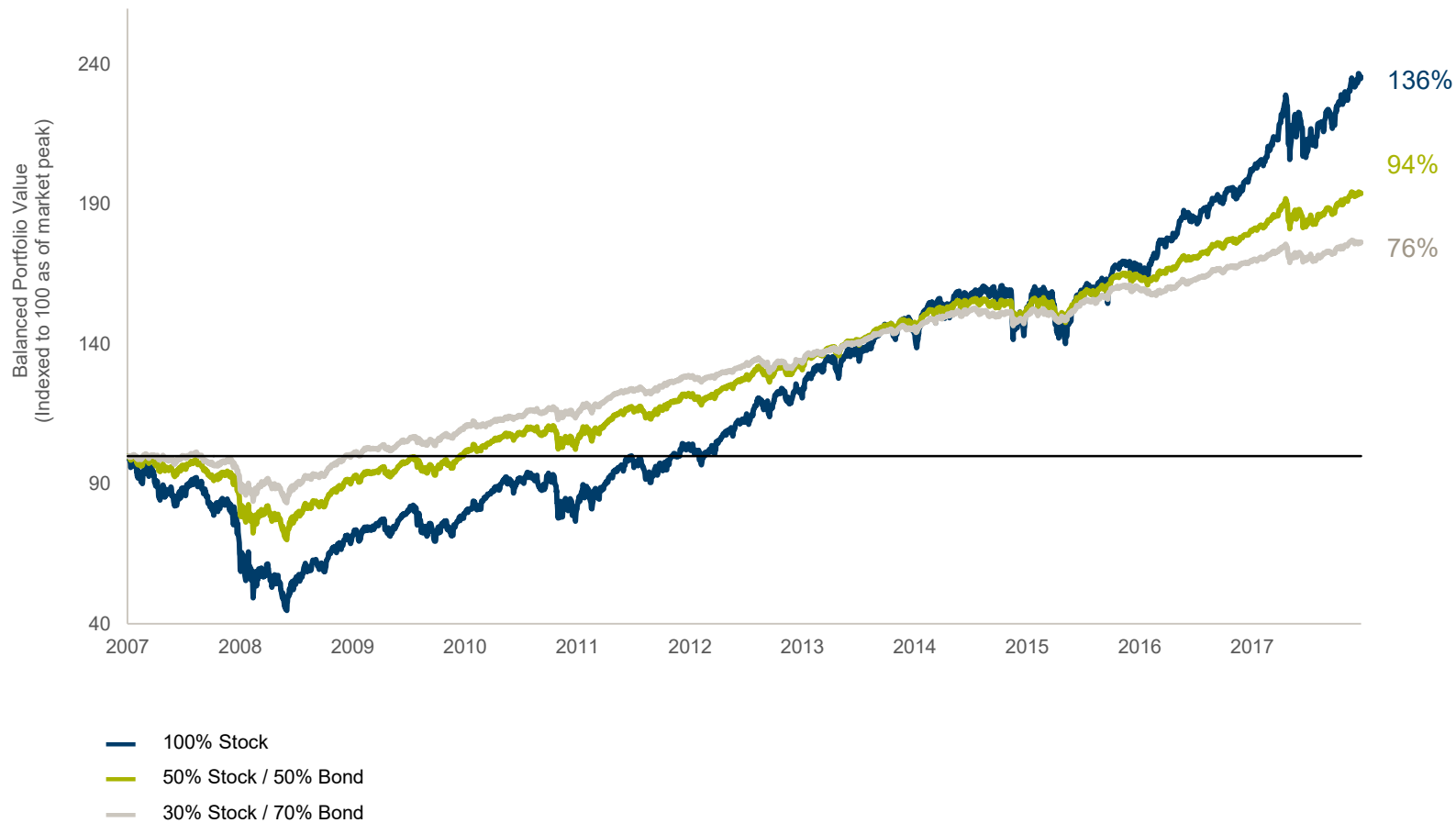
**Nine of the twenty worst trading days**  
occurred in years with positive annual returns

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

\* Source: Vanguard.

## The benefits of long-term perspective, balance and diversification

**A balanced diversified investor has fared relatively well**



Sources: Vanguard calculations based on data from FactSet.

Notes: Each balanced portfolio represented by the mixture of equity and fixed income from the following indices: S&P 500 Total Return Index for equities and Bloomberg Barclays U.S. Aggregate Bond Index for fixed income. Each portfolio is constructed using historical daily data implemented with a monthly rebalancing scheme. Data as of September 30, 2018. Past performance is no guarantee of future returns.

# Benchmarks overview



# Domestic benchmark provider comparison

	CRSP	SPDJ	Russell Indexes
Composition deciding factors	Transparent, objective rules	Transparent, objective criteria combined with committee research	Transparent, objective rules
Rebalancing schedule	Quarterly	As required (annually for style indexes)	Annually
Market-cap management	Packeting allows holdings in a company to be moved from one index to another in separate stages, or packets, through a shared market-cap band	Overlapping buffer zones when defining market-cap ranges	+/- 2.5% band in market-cap rankings
Growth criteria	<ul style="list-style-type: none"> <li>• Future long-term growth in earnings per share (EPS)</li> <li>• Future short-term growth in EPS</li> <li>• Three-year historical growth in EPS</li> <li>• Three-year historical growth in sales per share</li> <li>• Investment-to-assets</li> <li>• Return on assets</li> </ul>	<ul style="list-style-type: none"> <li>• Three-year change in EPS over price per share</li> <li>• Three-year sales-per-share growth rate</li> <li>• Momentum (12-month percentage price change)</li> </ul>	<ul style="list-style-type: none"> <li>• I/B/E/S medium-term growth forecast (2-year)</li> <li>• Sales-per-share historical growth (5-year)</li> </ul>
Value criteria	<ul style="list-style-type: none"> <li>• Book-to-price ratio</li> <li>• Future earnings-to-price ratio</li> <li>• Historical earnings-to-price ratio</li> <li>• Dividend-to-price ratio</li> <li>• Sales-to-price ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Book-to-price ratio</li> <li>• Earnings-to-price ratio</li> <li>• Sales-to-price ratio</li> </ul>	Book-to-price ratio
Market coverage	Comprehensive (99%+)	Comprehensive (99%+)	Comprehensive (98%)
Sector classifications	Uses FTSE Industry Classification Benchmark (ICB) codes	Uses Global Industry Classification Standard (GICS)	Uses Russell, GICS, and ICB
Number of U.S. stocks in benchmark universe	No fixed number of stocks, but varies depending on market cap of individual securities	All common equities listed on the NYSE and Nasdaq exchanges	3,000

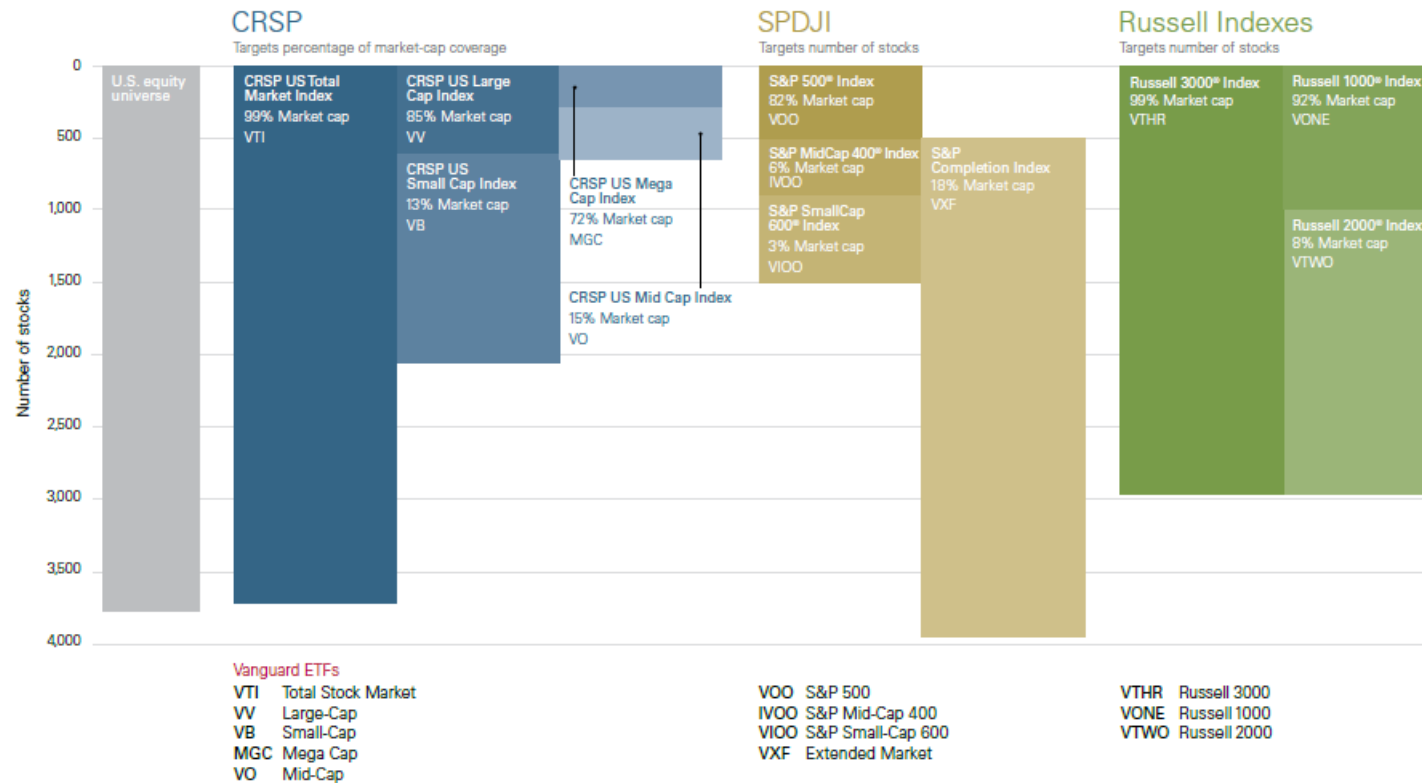
Sources: FactSet, Center for Research in Security Prices (CRSP), Russell Investments, and S&P Dow Jones Indices (SPDJ), as of December 31, 2017.

For more details, go to: <https://advisors.vanguard.com/VGApp/iip/advisor/csa/investments/benchmarks/crsp>

## Size comparison

# Domestic market segmentation

### Indexes with associated Vanguard ETFs\*



Sources: FactSet, CRSP, S&P Dow Jones Indices (SPDJ), and Russell Investments.  
 Russell and S&P market-cap ranges calculated by FactSet as of December 31, 2017. Market-cap percentages are subject to rounding.

# Benchmark Comparison

Vanguard Defined Contribution Advisory Services

Prepared > 10/26/2018



## CRSP US Large Cap Growth vs. Russell 1000 Growth

*Notes:*  
All data is sourced through Morningstar Direct.

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# Benchmark Comparison

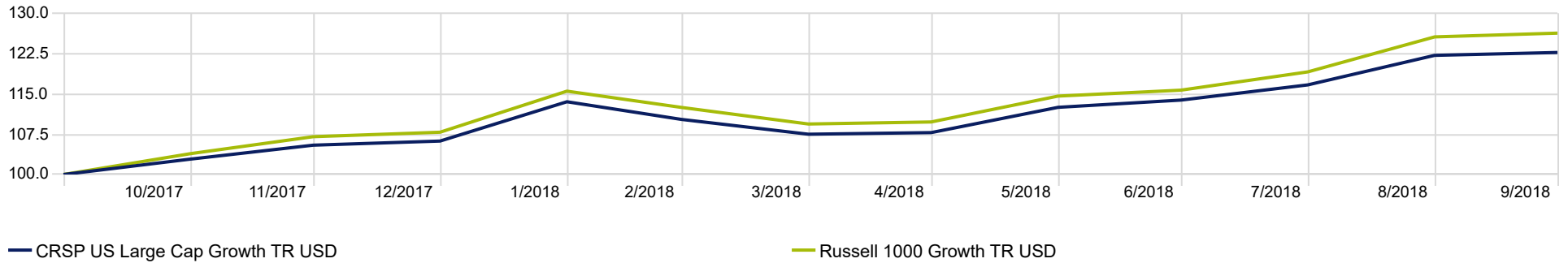
## Performance

As of 9/30/2018

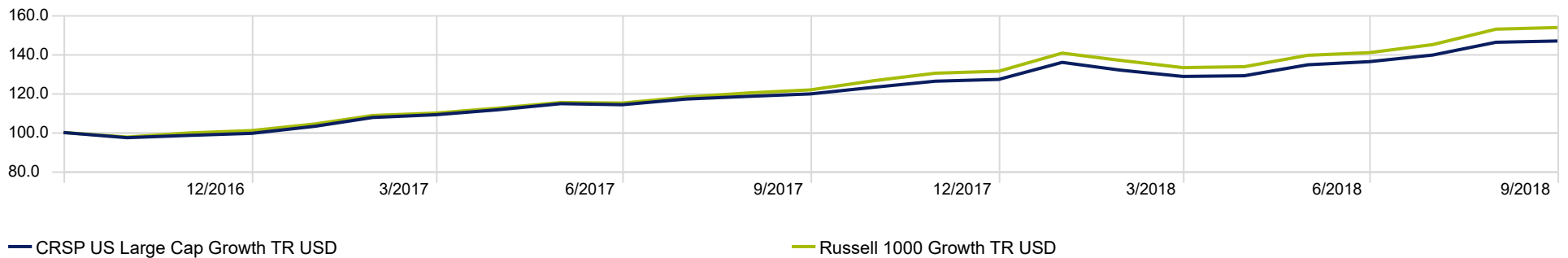


**Vanguard**

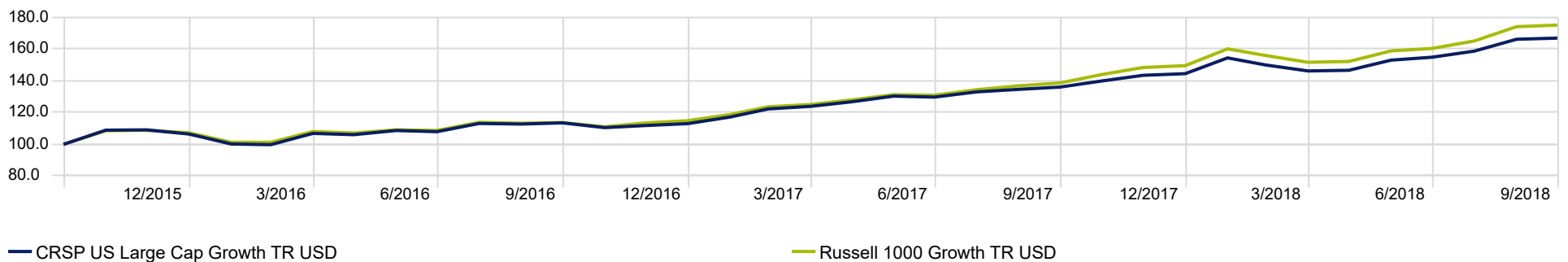
### 1 Year Investment Growth



### 2 Year Investment Growth



### 3 Year Investment Growth



The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

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# Benchmark Comparison

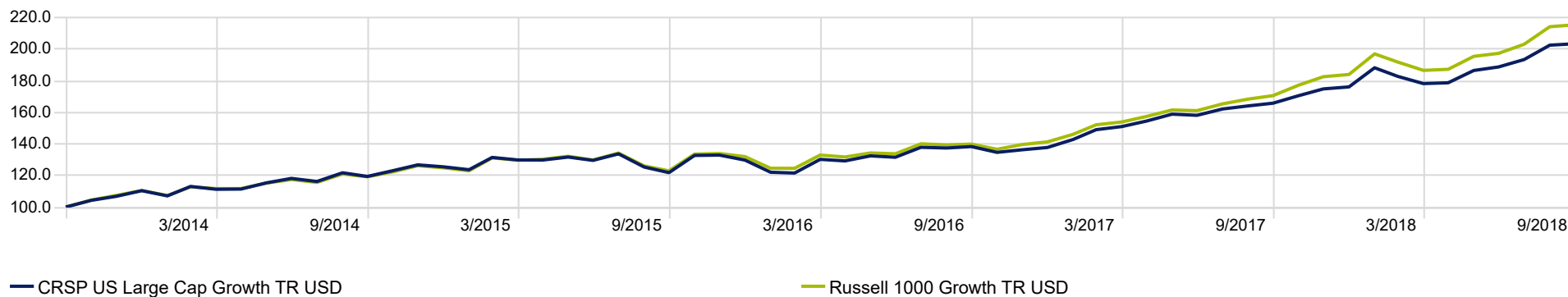
## Performance

As of 9/30/2018



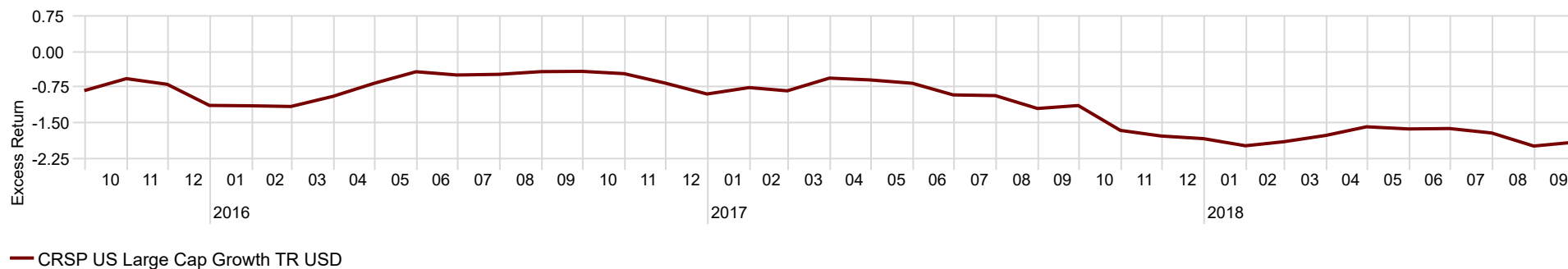
# Vanguard

### 5 Year Investment Growth



### Rolling Excess Returns (vs Russell 1000 Growth TR USD)

Rolling Window: 3 Years 1 Month shift



### Periodic Returns (as of quarter-end)

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	2017	2016	2015	2014	2013
CRSP US Large Cap Growth TR USD	15.51%	22.70%	18.64%	15.25%	12.90%	15.68%	9/7/2012	27.86%	6.16%	3.38%	13.69%	31.75%
Russell 1000 Growth TR USD	17.09%	26.30%	20.55%	16.58%	14.31%	11.61%	12/31/1978	30.21%	7.08%	5.67%	13.05%	33.48%

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# Benchmark Comparison

Style

As of 9/30/2018

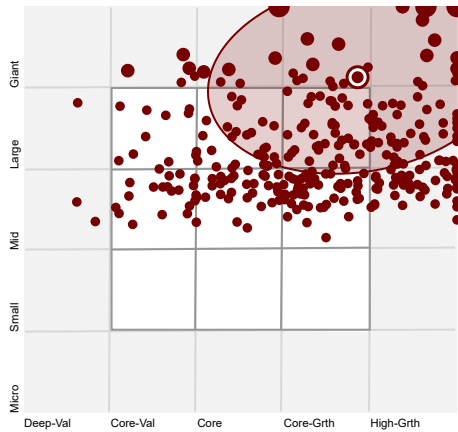


**Vanguard**

## Equity Style Box

CRSP US Large Cap Growth TR USD

Portfolio Date: 9/30/2018

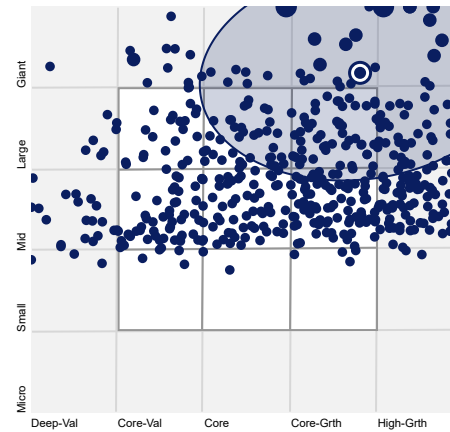


% Mkt Value ● 3.00 and up ● 1.00 - 2.99 ● up to 0.99  
● CRSP US Large Cap Growth TR USD

● Centroid  
9/30/2018

Russell 1000 Growth TR USD

Portfolio Date: 9/30/2018



% Mkt Value ● 3.00 and up ● 1.00 - 2.99 ● up to 0.99  
● Russell 1000 Growth TR USD

● Centroid  
9/30/2018

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# Benchmark Comparison

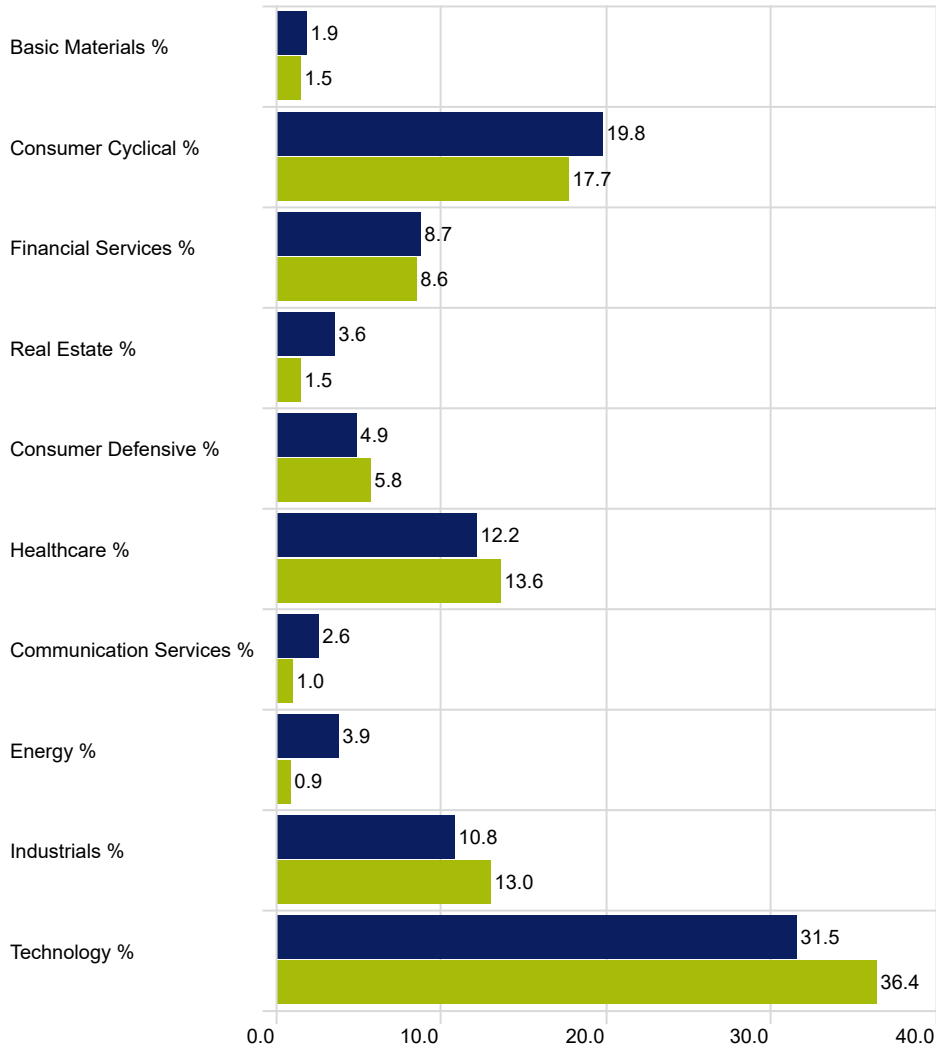
## Asset Allocation / Stock Type

As of 9/30/2018



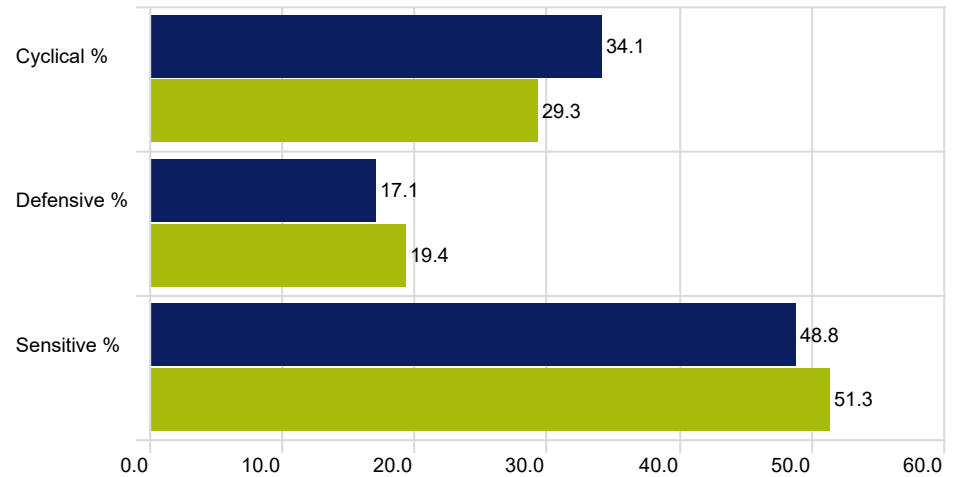
**Vanguard**

### Stock Sector %

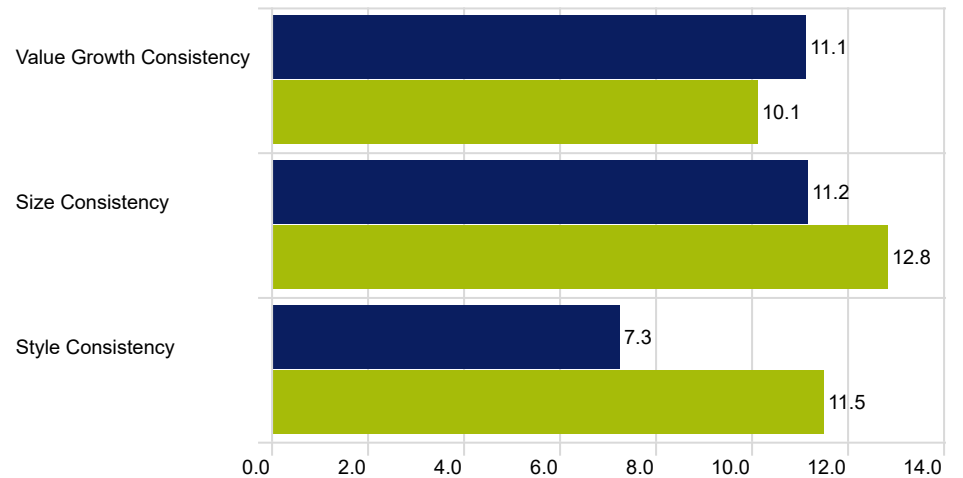


● CRSP US Large Cap Growth TR USD

### Stock Type %



### Consistency Metrics % (long)



■ Russell 1000 Growth TR USD

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# Benchmark Comparison

Vanguard Defined Contribution Advisory Services

Prepared > 10/26/2018



## CRSP US Small Cap Growth vs. Russell 2000 Growth

*Notes:*  
All data is sourced through Morningstar Direct.

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# Benchmark Comparison

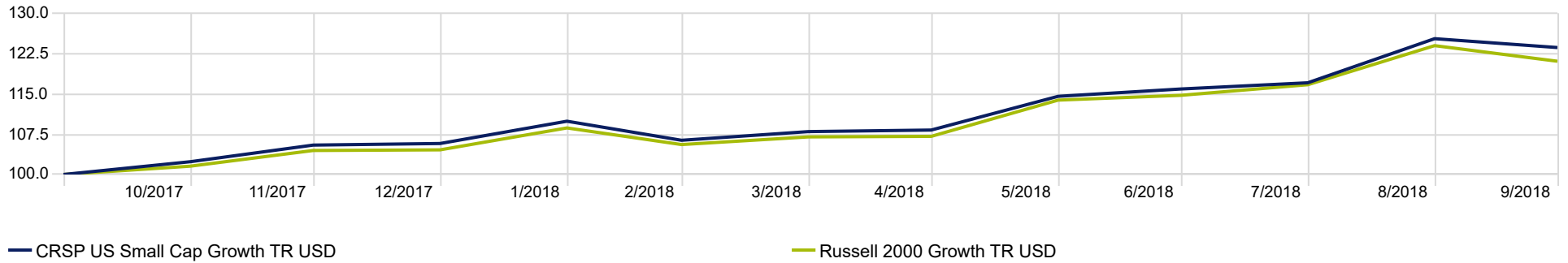
## Performance

As of 9/30/2018

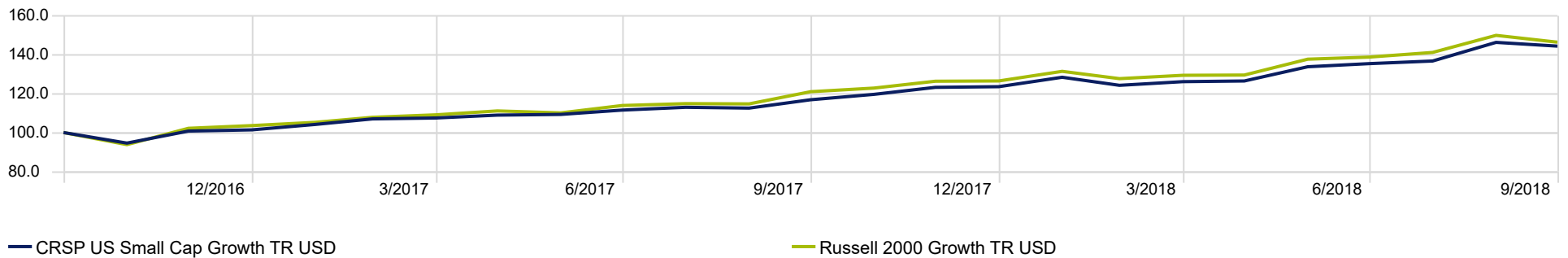


**Vanguard**

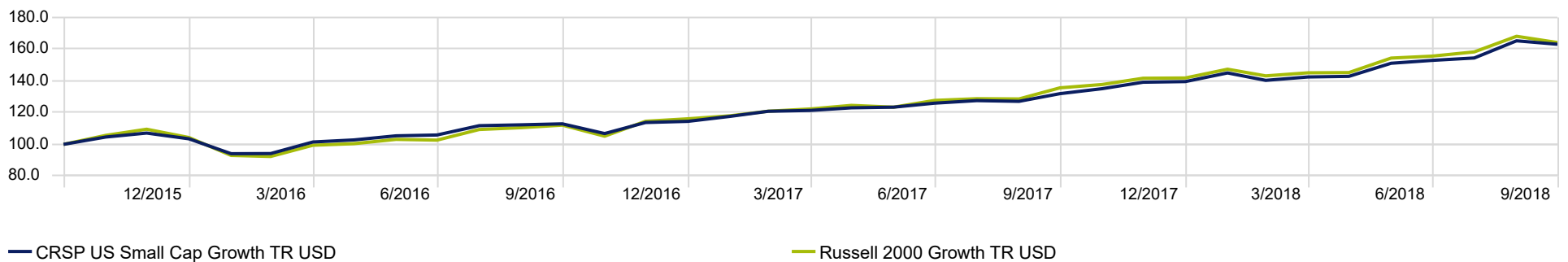
### 1 Year Investment Growth



### 2 Year Investment Growth



### 3 Year Investment Growth



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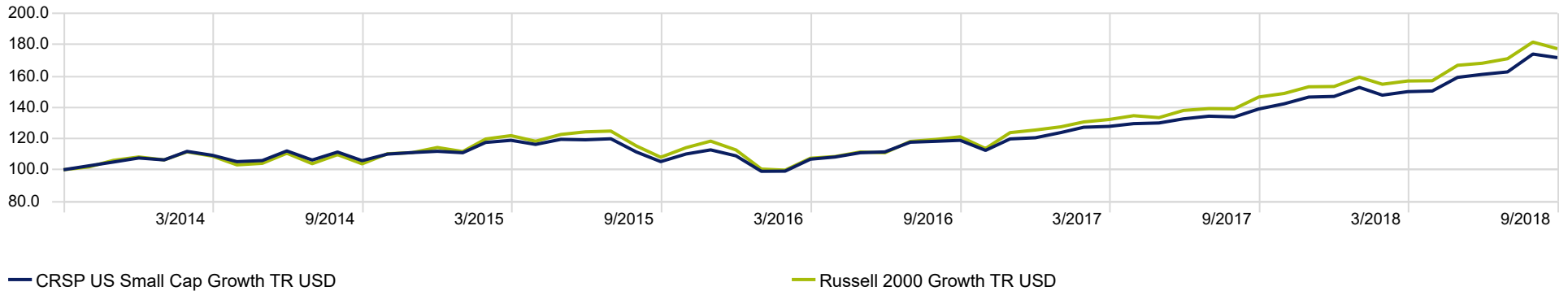
# Benchmark Comparison

## Performance

As of 9/30/2018

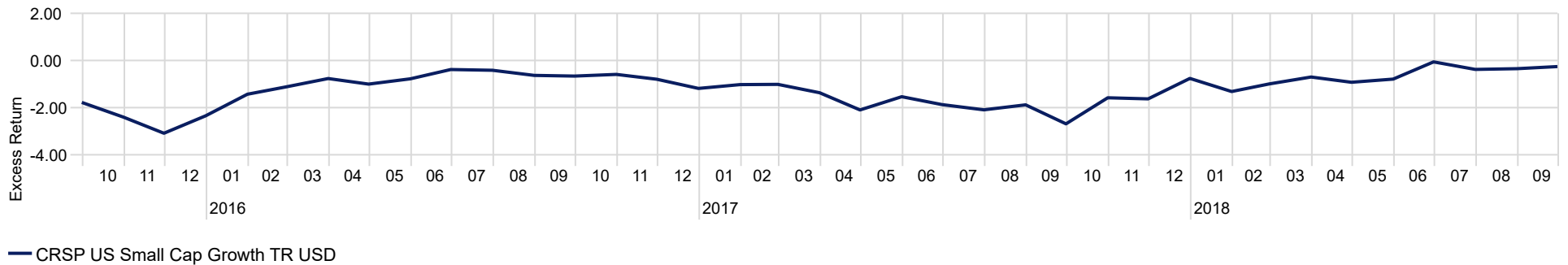


### 5 Year Investment Growth



### Rolling Excess Returns (vs Russell 2000 Growth TR)

Rolling Window: 3 Years 1 Month shift



### Periodic Returns (as of quarter-end)

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	2017	2016	2015	2014	2013
CRSP US Small Cap Growth TR USD	16.88%	23.61%	17.72%	11.41%	12.64%	14.34%	9/7/2012	21.90%	10.62%	-2.60%	3.98%	38.44%
Russell 2000 Growth TR USD	15.76%	21.06%	17.98%	12.14%	12.65%	10.15%	12/31/1978	22.17%	11.32%	-1.38%	5.60%	43.30%

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# Benchmark Comparison

Style

As of 9/30/2018

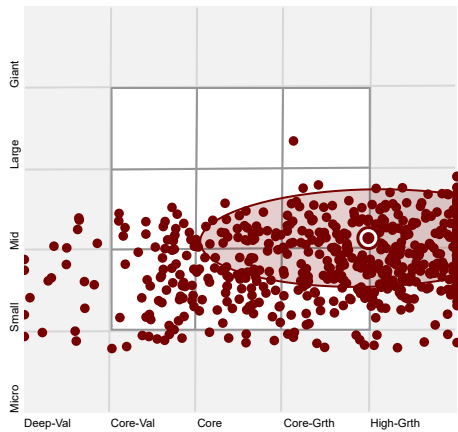
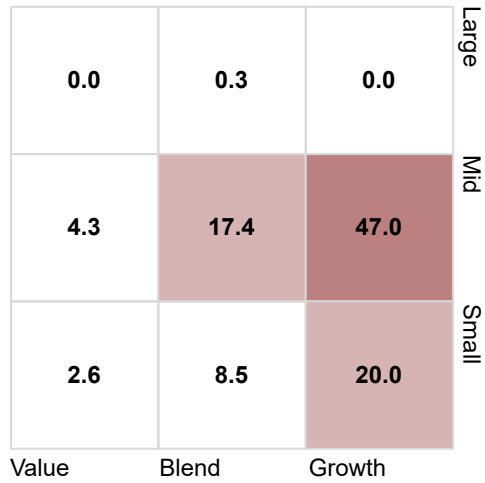


**Vanguard**

## Equity Style Box

CRSP US Small Cap Growth TR USD

Portfolio Date: 9/30/2018

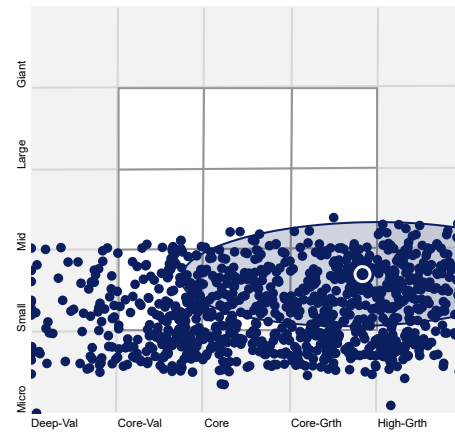
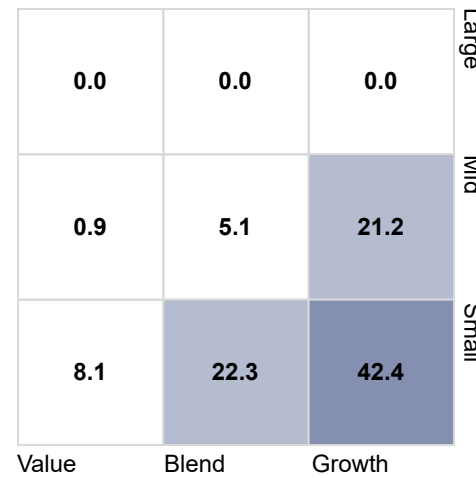


% Mkt Value ● 3.00 and up ● 1.00 - 2.99 ● up to 0.99  
 ● CRSP US Small Cap Growth TR USD

◎ Centroid  
 9/30/2018

Russell 2000 Growth TR USD

Portfolio Date: 9/30/2018



% Mkt Value ● 3.00 and up ● 1.00 - 2.99 ● up to 0.99  
 ● Russell 2000 Growth TR USD

◎ Centroid  
 9/30/2018

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# Benchmark Comparison

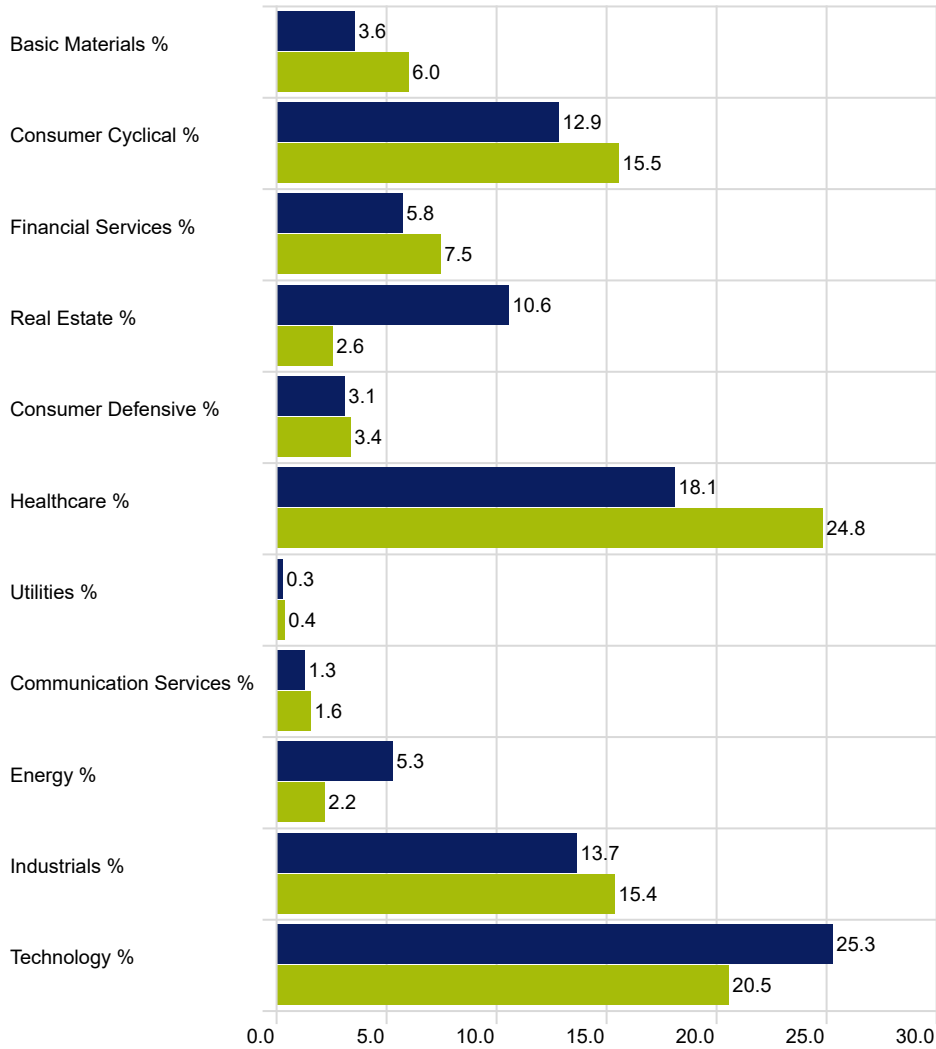
## Asset Allocation / Stock Type

As of 9/30/2018



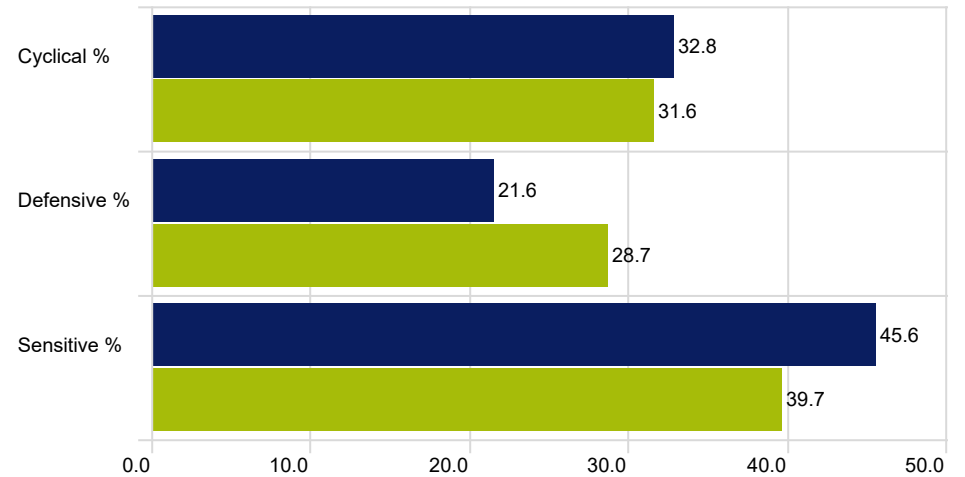
**Vanguard**

### Stock Sector %

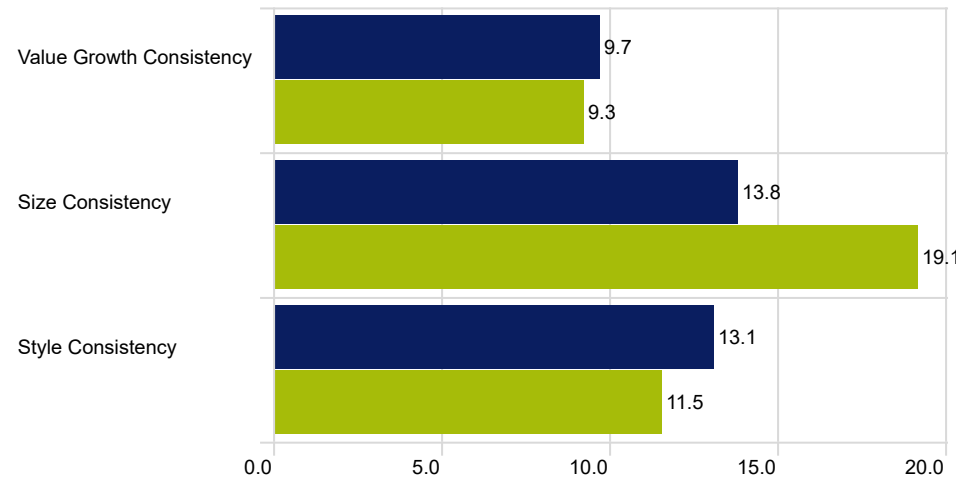


● CRSP US Small Cap Growth TR USD

### Stock Type %



### Consistency Metrics % (long)



■ Russell 2000 Growth TR USD

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## Important Information

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### Data definitions

**R Squared:** Produced by a least-squares regression analysis. Rsquared is a number between 0 and 100% that measures the strength of the relationship between the dependent and independent variables. An R-squared of 0 means that there is no relationship between the two variables and an R-squared of 100% means that the relationship is perfect with every scatter point falling exactly on the regression line. Thus, stock index funds that track the S&P 500 index will have an R-squared very close to 100%.

**Beta:** A measure of a fund's sensitivity to movements in the index. By construction, the beta of the index is 1.00. A fund with a 1.10 beta has tended to have an excess return that is 10% higher than that of the index in up markets and 10% lower in down markets, holding all other factors remain constant. A beta of 0.85 would indicate that the fund has performed 15% worse than the index in up markets and 15% better in down markets. A low beta does not imply that the fund has a low level of volatility, though; rather, a low beta means only that the fund's index-related risk is low.

**Sharpe Ratio:** Calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 36-month period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns. Since this ratio uses standard deviation as its risk measure, it is most appropriately applied when analyzing a fund that is an investor's sole holding. The Sharpe Ratio can be used to compare two funds directly on how much risk a fund had to bear to earn excess return over the risk-free rate.

**Information Ratio:** A risk-adjusted performance measure. The information ratio is a special version of the Sharpe Ratio in that the benchmark doesn't have to be the risk-free rate. The Israelson method is an adjustment of the Information Ratio to take into account the inconsistency of the IR when excess returns are negative.

**Treynor Ratio:** Similar to Sharpe Ratio, Treynor Ratio is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and risk. Unlike Sharpe Ratio, Treynor Ratio utilizes "market" risk (beta) instead of total risk (standard deviation). Good performance efficiency is measured by a high ratio.

**Alpha:** Measures a fund's performance after adjusting for the funds systematic risk as measured by the fund's beta with respect to the index. An investor could have formed a passive portfolio with the same beta that of the fund by investing in the index and either borrowing or lending at the risk-free rate of return. Alpha is the difference between the average excess return on the fund and the average excess return on the levered or de-levered index portfolio. For example, if the fund had an average excess return of 6% per year and its beta with respect to the S&P 500 was 0.8 over a period when the S&P 500's average excess return was 7%, its alpha would be  $6\% - 0.8 \times 7\% = 0.4\%$ .

**Alpha t-stat:** The T-Statistic of a manager series vs. a benchmark series is the information ratio multiplied by the square root of the number of years. The T-Statistic is used to calculate the significance level. The significance level of a manager series vs. a benchmark series indicates the level of confidence with which the statement "the manager's annualized excess return over the benchmark is positive" or "the manager's annualized excess return over the benchmark is negative," as the case may be, holds true.

**Batting Average:** Measure of a manager's ability to consistently beat the market. It is calculated by dividing the number of months in which the manager beat or matched an index by the total number of months in the period.

**Tracking Error:** Standard deviation of monthly excess returns versus a benchmark index expressed in annualized terms.

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## Important Information

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### Data definitions

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**Drawdown:** A manager's drawdown at time  $t$  is defined as follows: Find the time  $s$  where the maximum of the manager's cumulative return from the beginning of the analysis period to time  $t$  occurs. The drawdown at time  $t$  is the manager's cumulative return from time  $s$  to time  $t$ . Note that this cumulative return must be zero or a loss, because the manager's high water mark from the beginning of the analysis period to time  $t$  occurs at  $s$ .

**Downside standard deviation:** Also referred to as downside risk, differs from the ordinary standard deviation insofar as the sum is restricted to those returns that are less than the mean.

**Downside capture ratio:** Measures manager's performance in down markets. A down-market is defined as those periods (months or quarters) in which market return is less than 0. In essence, it tells you what percentage of the down-market was captured by the manager. For example, if the ratio is 110%, the manager has captured 110% of the down-market and therefore underperformed the market on the downside.

**Upside standard deviation:** Also referred to as upside risk, differs from the ordinary standard deviation insofar as the sum is restricted to those returns that are more than the mean.

**Upside capture ratio:** Upside Capture Ratio measures a manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the security's upside capture return and dividing it by the benchmark's upside capture return.

**Style Consistency Metric:** Measures the extent of historical portfolio/strategy movement in both the value-growth (X axis) and size (Y axis) dimensions. Investments with low scores are considered more consistent and assigned a style consistency designation of "HIGH", while investments with high scores are considered less consistent and assigned a style consistency designation of "LOW".

**Value-Growth Consistency Metric:** Measures the extent of historical portfolio/strategy movement in the value-growth (X axis) dimension. Investments with low scores are considered more consistent, while investments with high scores are considered less consistent. The metric is calculated by taking the standard deviation of the Value-Growth Scores of all available portfolios from the past three years.

**Size Consistency Metric:** Measures the extent of historical portfolio/strategy movement in the size (Y axis) dimension. Investments with low scores are considered more consistent and assigned a style consistency designation of "HIGH", while investments with high scores are considered less consistent and assigned a style consistency designation of "LOW". The metric is calculated by taking the standard deviation of the Size Scores of all available portfolios from the past three years.

**Stock Types: Cyclical** - The cyclical super sector includes industries significantly impacted by economic shifts. When the economy is prosperous these industries tend to expand and when the economy is in a downturn these industries tend to shrink. In general, the stocks in these industries have betas of greater than 1. **Defensive** - The defensive super sector includes industries that are relatively immune to economic cycles. These industries provide services that consumers require in both good and bad times, such as healthcare and utilities. In general, the stocks in these industries have betas of less than 1. **Sensitive** - The sensitive super sector includes industries which ebb and flow with the overall economy, but not severely so. Sensitive industries fall between the defensive and cyclical industries as they are not immune to a poor economy as industries in the cyclical super sector. In general, the stocks in these industries have betas that are close to 1.

**Returns-based style analysis:** Calculates a Style Benchmark for a fund from the fund's return series and the return series of the indices that are to be used in the Style Benchmark. The goal of style analysis is to determine weights such that the composite series becomes a best fit, or Style Benchmark, for the fund series. For rolling window style analysis, the program performs a whole sequence of style analyses for each manager. To this end, a small date range, or window, whose width is specified by the user, is placed at the beginning of the selected date range. This window is then moved forward by an increment that is again specified by the user, and a style analysis is performed for each resulting window. This results in a sequence of sets of weights for each manager. When such a sequence of weights is displayed in the style map graph or the asset allocation graph, the date that is associated with each set of weights is the last date inside the respective window.

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**Vanguard ETF® Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.**

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

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# Appendix

## – Fund pages

# Vanguard Growth Index Fund (VIGIX)

## Investment approach

- Seeks to track the performance of the CRSP US Large Cap Growth Index.
- Large-cap growth equity.
- Passively managed, full-replication approach.
- Fund remains fully invested.
- Low expenses minimize net tracking error.

## Share of U.S. stock market (%)



43%	CRSP US Large Cap Growth Index
57%	Balance of market

As measured by the MSCI US Broad Market Index.

## Key facts

<b>Expense ratio as of 04/25/2018</b>	4 bps
As reported in the most recent prospectus.	
<b>Designation</b>	Domestic large-cap growth
<b>Fund inception date</b>	11/02/1992
<b>Institutional Shares inception date</b>	05/14/1998
<b>Total net assets as of 09/30/2018 (\$M)</b>	\$86,865
<b>Net fund assets for VIGIX as of 09/30/2018 (\$M)</b>	\$14,886
<b>Holdings</b>	318
<b>Indexed to</b>	CRSP US Large Cap Growth Index (CRSPLCGT)
<b>Turnover rate (fiscal year-end 12/31/2017)</b>	8.3%
<b>CUSIP</b>	922908868
<b>Investment manager</b>	Vanguard Equity Index Group

## Risk and volatility

	R <sup>2</sup>	Beta
<b>Primary benchmark</b>	1.00	1.00
<b>Broad-based benchmark</b>	0.87	1.04

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
<b>Fund</b>	7.80%	15.51%	22.70%	18.62%	15.21%	13.47%
<b>Benchmark</b>	7.78%	15.51%	22.70%	18.64%	15.25%	13.52%
<b>+/- Benchmark</b>	0.02%	0.00%	0.00%	-0.02%	-0.04%	-0.05%

Spliced Growth Index: S&P 500 Growth Index (formerly known as the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.

## Performance versus competitors

Percentage of Large-Cap Growth Funds outperformed by VIGIX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 656; 3-year, 579; 5-year, 526; 10-year, 401. Results will vary for other time periods.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

All data as of September 30, 2018, unless otherwise noted.

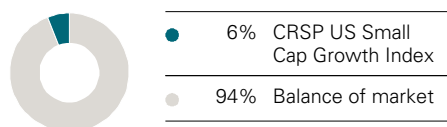
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# Vanguard Small-Cap Growth Index Fund (VSGIX)

## Investment approach

- Seeks to track the performance of the CRSP US Small Cap Growth Index.
- Small-cap growth equity.
- Passively managed, full-replication approach.
- Fund remains fully invested.
- Low expenses minimize net tracking error.

## Share of U.S. stock market (%)



As measured by the MSCI US Broad Market Index.

## Key facts

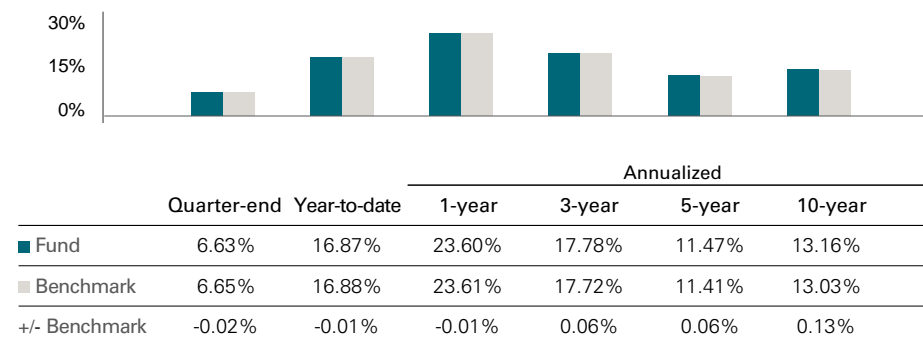
<b>Expense ratio as of 04/25/2018</b>	6 bps
As reported in the most recent prospectus.	
<b>Designation</b>	Domestic small-cap growth
<b>Fund inception date</b>	05/21/1998
<b>Institutional Shares inception date</b>	05/24/2000
<b>Total net assets as of 09/30/2018 (\$M)</b>	\$25,338
<b>Net fund assets for VSGIX as of 09/30/2018 (\$M)</b>	\$3,681
<b>Holdings</b>	656
<b>Indexed to</b>	CRSP US Small Cap Growth Index (CRSPSCGT)
<b>Turnover rate (fiscal year-end 12/31/2017)</b>	19.4%
<b>CUSIP</b>	922908819
<b>Investment manager</b>	Vanguard Equity Index Group

## Risk and volatility

	R <sup>2</sup>	Beta
<b>Primary benchmark</b>	1.00	1.00
<b>Broad-based benchmark</b>	0.75	1.07

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



Spliced Small-Cap Growth Index: S&P SmallCap 600 Growth Index (formerly known as the S&P SmallCap 600/Barra Growth Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.

## Performance versus competitors

Percentage of Small-Cap Growth Funds outperformed by VSGIX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 539; 3-year, 469; 5-year, 423; 10-year, 321. Results will vary for other time periods.

The performance data shown represent past performance, which is not a guarantee of future results.

Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).

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# Vanguard Energy Fund (VGELX)

## Investment approach

- Energy sector fund.
- Multi-cap equity.
- Seeks long-term capital appreciation.
- Multimanager structure.

## Fund advisors



93%	Wellington Management Company LLP
5%	Vanguard Quantitative Equity Group
2%	Cash investments

## Key facts

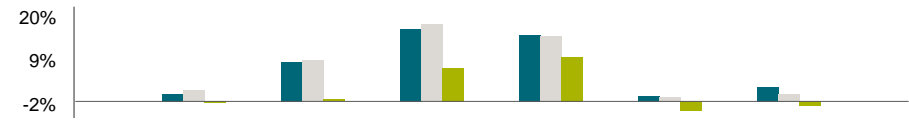
Expense ratio as of 05/25/2018	30 bps
As reported in the most recent prospectus.	
Designation	Sector/specialized
Fund inception date	05/23/1984
Admiral Shares™ inception date	11/12/2001
Total net assets as of 09/30/2018 (\$M)	\$9,515
Net fund assets for VGELX as of 09/30/2018 (\$M)	\$6,743
Holdings	125
Benchmarked to	MSCI ACWI Energy Index
Turnover rate (fiscal year-end 01/31/2018)	23.8%
CUSIP	921908802

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.94	1.04
Broad-based benchmark	0.29	0.97

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
Fund	1.67%	8.14%	15.11%	13.88%	1.17%	3.08%
Benchmark	2.42%	8.63%	16.03%	13.73%	1.02%	1.71%
Global Natural Resources Funds Avg	-0.29%	0.46%	7.01%	9.32%	-1.99%	-0.84%

Spliced Energy Index: S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter.

## Performance versus competitors

Percentage of Global Natural Resources Funds outperformed by VGELX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 93; 3-year, 87; 5-year, 81; 10-year, 62. Results will vary for other time periods.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

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# Vanguard Health Care Fund (VGHAX)

## Investment approach

- Health care sector fund.
- Seeks long-term capital appreciation.
- Diversified across industry subsectors and market capitalizations.
- Invests in health care companies based in the United States and abroad.
- Fundamental approach.
- More conservatively positioned and geographically diversified than most competitors.

## Fund advisors



- 100% Wellington Management Company LLP

## Key facts

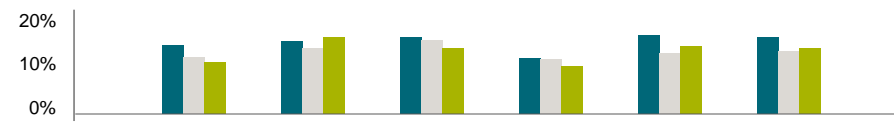
Expense ratio as of 05/25/2018	33 bps
As reported in the most recent prospectus.	
Designation	Sector/specialized
Fund inception date	05/23/1984
Admiral Shares™ inception date	11/12/2001
Total net assets as of 09/30/2018 (\$M)	\$50,348
Net fund assets for VGHAX as of 09/30/2018 (\$M)	\$40,704
Holdings	90
Benchmarked to	MSCI All Country World Health Care Index (NDUHC)
Turnover rate (fiscal year-end 01/31/2018)	10.9%
CUSIP	921908885

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.90	1.06
Broad-based benchmark	0.57	0.99

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
■ Fund	13.08%	13.93%	14.58%	10.50%	14.80%	14.47%
■ Benchmark	10.87%	12.54%	13.95%	10.42%	11.49%	11.82%
■ Global Health/Biotech Funds Avg	9.93%	14.51%	12.52%	9.08%	12.80%	12.37%

Spliced Health Care Index: S&P 500 Index through December 31, 2001; S&P Health Care Index through May 31, 2010; MSCI All Country World Health Care Index thereafter.

## Performance versus competitors

Percentage of Global Health/Biotech Funds outperformed by VGHAX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 38; 3-year, 36; 5-year, 36; 10-year, 30. Results will vary for other time periods.

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# Vanguard Short-Term Federal Fund (VSGDX)

## Investment approach

- Short-term debt securities issued by the U.S. government and its agencies and instrumentalities.
- Seeks current income with limited price volatility.
- Average maturity of 1–4 years.
- Structured to protect capital and preserve the income stream.

## Fund advisors



- 100% Vanguard Fixed Income Group

## Key facts

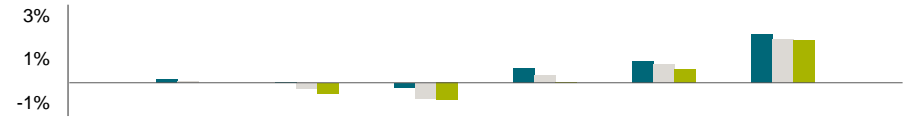
<b>Expense ratio as of 05/24/2018</b>	10 bps
As reported in the most recent prospectus.	
<b>Designation</b>	Treasury/agency/blend short-term
<b>Fund inception date</b>	12/31/1987
<b>Admiral Shares™ inception date</b>	02/12/2001
<b>Total net assets as of 09/30/2018 (\$M)</b>	\$4,452
<b>Net fund assets for VSGDX as of 09/30/2018 (\$M)</b>	\$3,779
<b>Holdings</b>	102
<b>Benchmarked to</b>	Bloomberg Barclays U.S. 1–5 Year Government Bond Index (BG1VTRUU)
<b>Turnover rate (fiscal year-end 01/31/2018)</b>	211.3%
<b>CUSIP</b>	922031844

## Risk and volatility

	R <sup>2</sup>	Beta
<b>Primary benchmark</b>	0.96	0.79
<b>Broad-based benchmark</b>	0.77	0.35

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
 Broad-based benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
<b>Fund</b>	0.15%	0.02%	-0.16%	0.55%	0.83%	1.84%
<b>Benchmark</b>	0.06%	-0.21%	-0.61%	0.28%	0.71%	1.65%
<b>Short-Intermed US Gov't Funds Avg</b>	0.00%	-0.41%	-0.66%	0.04%	0.51%	1.64%

## Performance versus competitors

Percentage of Short-Intermed US Gov't Funds outperformed by VSGDX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 28; 3-year, 27; 5-year, 26; 10-year, 23. Results will vary for other time periods.

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# Vanguard Short-Term Investment-Grade Fund (VFSIX)

## Investment approach

- Short-term, investment-grade fixed income securities.
- Seeks current income with limited price volatility.
- At least 80% invested in short-term and intermediate-term investment-grade fixed income securities, primarily corporate bonds; invests primarily in high-quality (investment-grade) corporate bonds.
- Approach focused on intensive credit analysis and risk control.
- Lower interest rate volatility than the broad U.S. fixed income market.

## Fund advisors



- 100% Vanguard Fixed Income Group

## Key facts

<b>Expense ratio as of 05/24/2018</b> 7 bps As reported in the most recent prospectus.	
<b>Designation</b>	Investment-grade corporate short-term
<b>Fund inception date</b>	10/29/1982
<b>Institutional Shares inception date</b>	09/30/1997
<b>Total net assets as of 09/30/2018 (\$M)</b>	\$59,520
<b>Net fund assets for VFSIX as of 09/30/2018 (\$M)</b>	\$10,261
<b>Holdings</b>	1,805
<b>Benchmarked to</b>	Bloomberg Barclays U.S. 1-5 Year Credit Bond Index (LD18TRUU)
<b>Turnover rate (fiscal year-end 01/31/2018)</b>	86.3%
<b>CUSIP</b>	922031877

## Risk and volatility

	R <sup>2</sup>	Beta
<b>Primary benchmark</b>	0.96	0.90
<b>Broad-based benchmark</b>	0.80	0.41

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
<b>Fund</b>	0.62%	0.32%	0.28%	1.68%	1.80%	3.27%
<b>Benchmark</b>	0.63%	0.18%	0.05%	1.55%	1.74%	3.82%
<b>1-5 Year Inv-Grade Debt Funds Avg</b>	0.49%	0.37%	0.35%	1.28%	1.18%	2.38%

## Performance versus competitors

Percentage of 1-5 Year Inv-Grade Debt Funds outperformed by VFSIX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 501; 3-year, 452; 5-year, 376; 10-year, 249. Results will vary for other time periods.

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# Vanguard Federal Money Market Fund (VMFXX)

## Investment approach

- Invests primarily in U.S. government agency obligations.
- Seeks current income.
- Seeks to maintain a constant \$1 net asset value (NAV).
- Maintains an average maturity of 60 days or less.

**You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.**

## Key facts

Expense ratio as of 11 bps  
12/22/2017

As reported in the most recent prospectus.

Vanguard and the Fund's Board have voluntarily agreed to temporarily limit certain net operating expenses in excess of the Fund's daily yield so as to maintain a zero or positive yield for the Fund. Vanguard and the Fund's Board may terminate the temporary expense limitation at any time.

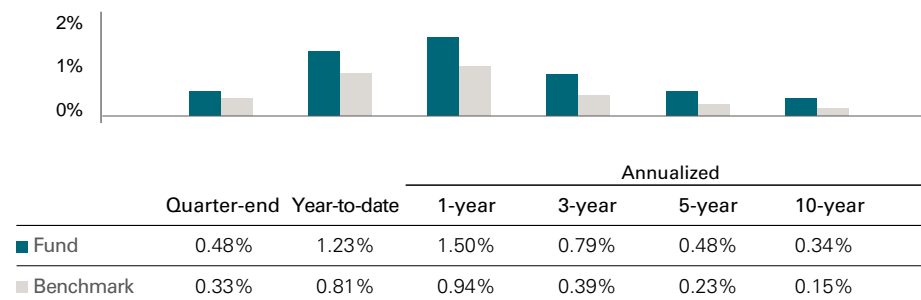
Designation	Taxable
Fund inception date	07/13/1981
Investor Shares inception date	07/13/1981
Total net assets as of 09/30/2018 (\$M)	\$102,504
Net fund assets for VMFXX as of 09/30/2018 (\$M)	\$102,504
Benchmarked to	Government Money Market Funds Average
CUSIP	922906300
SEC yield*	2.00%
Investment manager	Vanguard Fixed Income Group

\*Seven-day current yield net of expenses. The yield quotation more closely reflects the current earnings of the fund than the total return quotation.

## Money market characteristics

	VMFXX
Average maturity	56 days
Weighted average life	82 days

## Performance



## Performance versus competitors

Percentage of US Gov't Money Market Funds outperformed by VMFXX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of September 30, 2018. Number of funds in category: 1-year, 159; 3-year, 136; 5-year, 126; 10-year, 108. Results will vary for other time periods.

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## Important information

**IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. VCMM results will vary with each use and over time.**

The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More importantly, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

The Vanguard Capital Markets Model® is a proprietary financial simulation tool developed and maintained by Vanguard's primary investment research and advice teams. The model forecasts distributions of future returns for a wide array of broad asset classes. Those asset classes include U.S. and international equity markets, several maturities of the U.S. Treasury and corporate fixed income markets, international fixed income markets, U.S. money markets, commodities, and certain alternative investment strategies. The theoretical and empirical foundation for the Vanguard Capital Markets Model is that the returns of various asset classes reflect the compensation investors require for bearing different types of systematic risk (beta). At the core of the model are estimates of the dynamic statistical relationship between risk factors and asset returns, obtained from statistical analysis based on available monthly financial and economic data from as early as 1960. Using a system of estimated equations, the model then applies a Monte Carlo simulation method to project the estimated interrelationships among risk factors and asset classes as well as uncertainty and randomness over time. The model generates a large set of simulated outcomes for each asset class over several time horizons. Forecasts are obtained by computing measures of central tendency in these simulations. Results produced by the tool will vary with each use and over time.

The Vanguard Lifecycle Model (VLCM) is designed to identify the product design that represents the best investment solution for a theoretical, representative investor who uses the target-date funds to accumulate wealth for retirement. The VLCM generates an optimal custom glide path for a participant population by assessing the trade-offs between the expected (median) wealth accumulation and the uncertainty about that wealth outcome, for thousands of potential glide paths. The VLCM does this by combining two set of inputs: the asset class return projections from the VCMM and the average characteristics of the participant population. Along with the optimal custom glide path, the VLCM generates a wide range of portfolio metrics such as a distribution of potential wealth accumulation outcomes, risk and return distributions for the asset allocation, and probability of ruin, such as the odds of participants depleting their wealth by age 95.

The VLCM inherits the distributional forecasting framework of the VCMM and applies to it the calculation of wealth outcomes from any given portfolio.

The most impactful drivers of glide path changes within the VLCM tend to be risk aversion, the presence of a defined benefit plan, retirement age, savings rate and starting compensation. The VLCM chooses among glide paths by scoring them according to the utility function described and choosing the one with the highest score. The VLCM does not optimize the levels of spending and contribution rates. Rather, the VLCM optimizes the glide path for a given customizable level of spending, growth rate of contributions and other plan sponsor characteristics.

A full dynamic stochastic life-cycle model, including optimization of a savings strategy and dynamic spending in retirement is beyond the scope of this framework.

All investing is subject to risk, including the possible loss of money you invest. Diversification does not ensure a profit or protect against a loss. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Investments in bonds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments.

## Important information

***For more information about any fund, visit [vanguard.com](http://vanguard.com) or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.***

***Vanguard ETF<sup>®</sup> Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.***

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in Target Retirement Funds or Trusts are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund or trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard collective trusts are not mutual funds. They are collective trusts available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing. The collective trust mandates are managed by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc.

*A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.*

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

The information contained herein does not constitute tax advice, and cannot be used by any person to avoid tax penalties that may be imposed under the Internal Revenue Code. We recommend that you consult a tax or financial advisor about your individual situation.

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Vanguard Marketing Corporation, Distributor of the Vanguard Funds. U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623.



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**Money Manager Evaluation**  
**Short-Term Bond**  
**Total Investment: \$40,712,033**

	Vanguard VFSIX		PONDER		DFA DFEQX		Vanguard VSTBX		Morgan Stanley MPLDX		JP Morgan JUSUX	
5 yr Rank in Category	18	14	15	14	31	12	17	14	5	15	21	13
Expense Ratio	0.07	30	0.26	24	0.22	25	0.05	30	0.30	24	0.25	25
Management Team	13	13	14	15	8.2	13	9	13	5.1	13	14.3	15
Average Credit Quality	A	14	AA+	15	A	14	A	14	BB	12	BBB	13
3 yr Risk	1.22	14	n/a	14	1.32	15	1.41	14	2.64	13	0.46	12
Average Maturity	3.30	14	2.50	15	2.74	15	3.00	15	1.52	15	3.51	14

**TOTAL SCORE** 99 97 94 100 92 92

data as of 9/30/18

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3. The methodology used in this grading system is subjective, may vary by asset class and may change due to market conditions, volatility or valuation. This grading system may have no predictive value and can not be relied upon based on past results.

**Money Manager Evaluation**  
**Large Growth**  
**Total Investment: \$24,807,049**

Diversification	Vanguard Growth VIGIX		T. Rowe Price TRLGX		Fidelity Large Cap FLGEX		TIAA CREFF TIRTX		Vanguard Russell VRGWX	
Rank in Category	37	13	4	15	33	13	15	14	15	14
Expense Ratio	0.04	15	0.56	11	0.39	12	0.75	10	0.08	15
# of Holdings	325	14	63	12	169	13	103	12	546	15
3 Year Return	12.26	13	16.76	15	12.54	13	13.04	14	14.13	14
5 Year Return	12.41	13	15.13	15	12.70	13	13.44	14	13.61	14
Sharpe Ratio	0.96	13	1.17	15	1.01	14	0.96	13	1.13	15
Morningstar Risk	11.14	15	12.73	13	10.87	15	12.2	14	11.03	15
<b>TOTAL SCORE</b>	<b><u>96</u></b>		<b><u>96</u></b>		<b><u>93</u></b>		<b><u>91</u></b>		<b><u>102</u></b>	

data as of 9/30/18

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**Money Manager Evaluation**  
**Small Growth**  
**Total Investment: \$25,446,824**

Diversification	Vanguard Small Growth VSGIX		Janus Triton I Small Growth JSMGX		Prudential Jennison Small Cap PJSQX		JPMorgan Small Growth JGSMX		Fidelity Small Growth FCPGX	
Rank in Category	55	13	9	15	68	13	9	15	5	15
Expense Ratio	0.06	15	0.77	11	0.68	12	0.81	11	1.02	11
# of Holdings	657	14	1324	15	125	13	120	13	1330	15
3 Year Return	12.32	13	10.89	12	9.52	11	18.72	15	16.26	14
5 Year Return	8.85	12	12.42	13	8.1	12	12.16	14	13.19	15
Sharpe Ratio	0.80	14	1	12	0.68	13	0.97	15	1.01	15
Morningstar Risk	13.52	14	12.78	15	12.13	15	17.52	12	14.23	13

**TOTAL SCORE**

**95**

**93**

**89**

**95**

**98**

data as of 9/30/18

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**Money Manager Evaluation**  
**Energy**  
**Total Investment: \$12,571,464**

Diversification	Vanguard Energy VGELX		Fidelity Energy FSENX		Vanguard Energy Idx VENAX		Invesco Energy FSTEX		Ivy Energy IVEIX	
	Rank in Category	4	15	22	13	15	14	63	12	41
Expense Ratio	0.30	14	0.79	13	0.10	15	1.33	12	0.99	12
# of Holdings	229	15	71	13	139	14	226	15	84	13
3 Year Return	6.24	15	1.85	14	2.40	14	-3.80	12	-2.71	12
5 Year Return	-1.73	15	-3.61	14	-2.79	15	-9.19	12	-6.26	13
Sharpe Ratio	0.36	15	0.14	14	0.15	14	-0.10	13	-0.03	13
Morningstar Risk	17.15	15	22.24	13	19.56	14	24.39	12	25.59	12
<b>TOTAL SCORE</b>	<b><u>104</u></b>		<b><u>94</u></b>		<b><u>100</u></b>		<b><u>88</u></b>		<b><u>87</u></b>	

data as of 9/30/18

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# Money Manager Evaluation

## Health Care

**Total Investment: \$12,705,632**

Diversification	Vanguard Health VGHAX		BlackRock Health SHSSX		Fidelity Health FSPHX		Schwab Health SWHFX		T. Rowe Price Health PRHSX	
	Rank in Category	48	14	24	15	20	15	56	13	23
Expense Ratio	0.33	15	0.89	12	0.73	13	0.81	12	0.77	13
# of Holdings	103	13	196	15	96	12	124	14	120	14
3 Year Return	6.12	12	10.61	15	10.5	15	8.07	13	9.63	14
5 Year Return	12.40	13	15.17	15	14.68	14	11.37	12	15.24	15
Sharpe Ratio	0.41	13	0.77	15	0.62	14	0.59	14	0.56	14
Morningstar Risk	12.82	14	13.29	13	15.31	12	11.96	15	15.58	12
<b>TOTAL SCORE</b>	<b><u>94</u></b>		<b><u>100</u></b>		<b><u>95</u></b>		<b><u>93</u></b>		<b><u>97</u></b>	

data as of 9/30/18

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# **Halifax Health Investment Accounts**

## **Portfolio Reviews**

*Third Quarter 2018: Ended 09/30/2018*

Prepared by:

**Ashford Investment Advisors**

**Halifax Health Investment Accounts  
Third Quarter 2018  
Performance Summary**

<b>HH Holdings, Inc.</b>	<b>Balance as of 9/30/2018</b>	<b>3rd Quarter Performance</b>
Vanguard Short-term Inv Grade	\$24,240,824	+63 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		+26 bp
*Ponder/Salem Short-term Gov't/Corp	\$38,384,687	+40 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		+26 bp
*Ponder/Salem U.S. Treasury	\$71,794,411	+49 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp

**Liquid Assets**

*Ponder/Salem Short-term Gov't Bond	\$42,676,898	+31 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp
Ponder/Salem U.S. Treasury	\$85,162,456	+61 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp
Vanguard Short-term Gov't Bond	\$0	+18 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp

**Debt & Self Insurance**

Wells Fargo Short-Term Gov't Bond	\$499,564	+59 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp

\* Separately managed account.

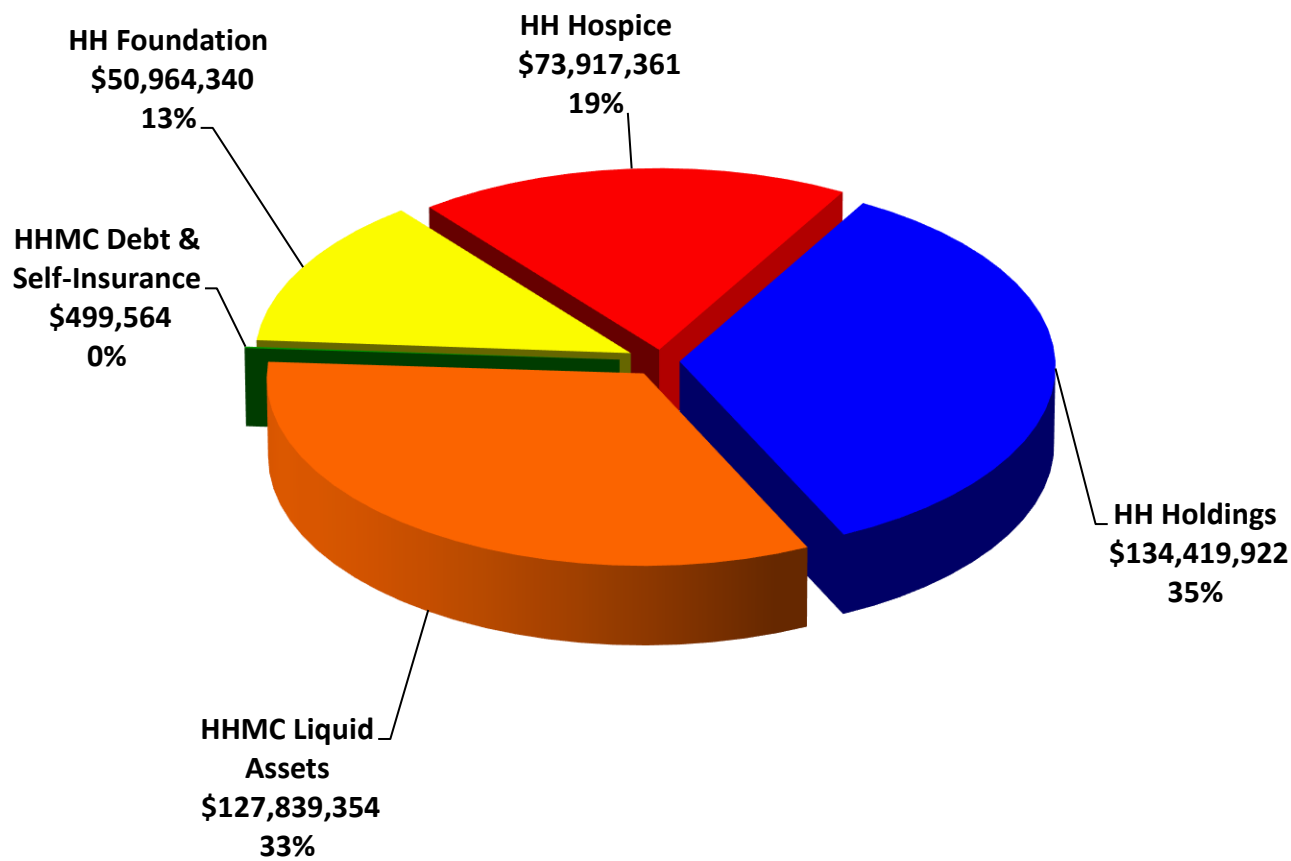
**Halifax Health Investment Accounts  
Third Quarter 2018  
Performance Summary**

<b>Foundation</b>	<b>Balance as of 9/30/2018</b>	<b>3rd Quarter Performance</b>
Vanguard Short-term Inv Grade	\$2,393,763	+69 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		+26 bp
Ponder/Salem U.S. Treasury	\$20,759,420	+94 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp
DFA	\$16,131,826	+3.77%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>		+3.73%
Vanguard	\$5,446,776	+7.24%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>		+7.29%
<b>Hospice</b>		
Vanguard Short-term Inv Grade	\$1,563,479	+69 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		+26 bp
Ponder/Salem U.S. Treasury	\$32,764,868	+94 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		+6 bp
DFA	\$24,377,411	+3.62%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>		+3.05%
Vanguard	\$15,211,603	+7.19%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>		+7.26%

**Halifax Health Investment Accounts  
Third Quarter 2018  
Performance Summary**

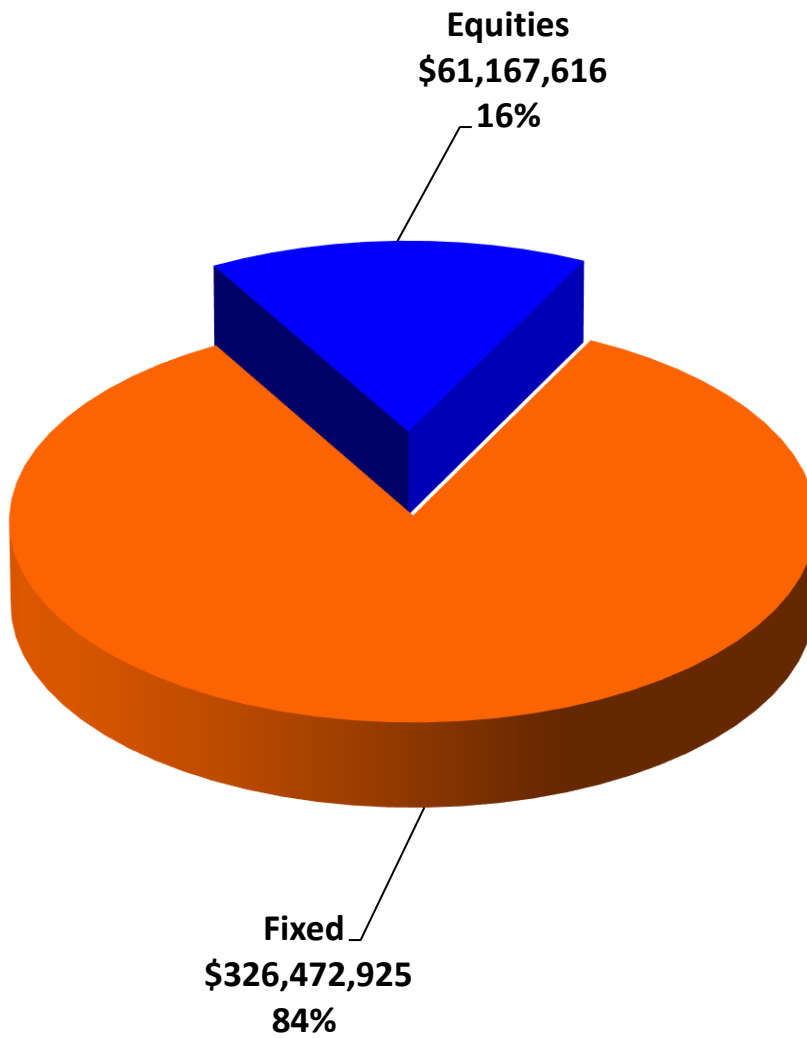
<b>Pension</b>	<b>Balance as of 9/30/2018</b>	<b>3rd Quarter Performance</b>
Vanguard Short-term Inv Grade <i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>	\$12,513,967	+31 bp +26 bp
U.S. Treasuries <i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>	\$111,437,912	+91 bp +6 bp
DFA <i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>	\$101,130,291	+2.45% +2.27%
Vanguard <i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>	\$54,872,590	+7.20% +7.03%

**Halifax Health Investment Accounts**  
**Value of Assets**  
*as of 09/30/2018*



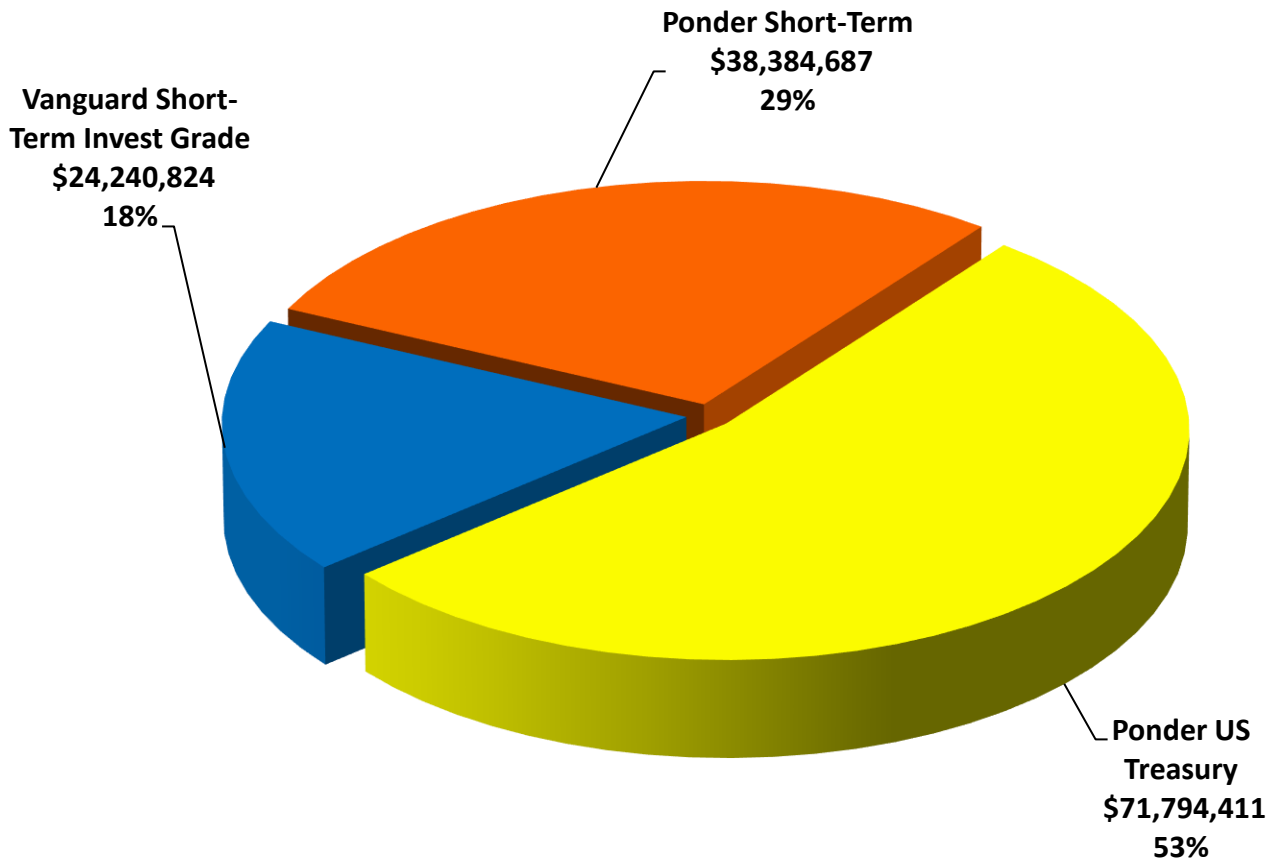
**Total: \$387,640,541**

**Halifax Health Investment Accounts**  
**Fixed-Income vs. Equity Assets**  
*as of 09/30/2018*



**Total: \$387,640,541**

**HH Holdings Accounts  
Breakdown of Assets**  
*as of 09/30/2018*



**Total: \$134,419,922**

**HH Holdings, Inc.**

**Vanguard Account 88032962086 -- VFSIX**  
**Short-term Investment Grade**  
**HH Holdings, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 6/30/2018	\$ 46,449,110
Net Additions/Withdrawals	(22,500,000)
Investment Gain	<u>291,714</u>
Ending Balance as of 09/30/2018	<u><u>\$ 24,240,824</u></u>
Net Return 3rd Quarter 2018	+63 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+26 bp



**HH Holdings, Inc.**

**Ponder/Salem Account 3040000414**  
**Short-term Govt/Corp Bond**  
**HH Holdings, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 6/30/2018	\$ 32,256,929
Net Additions/Withdrawals	6,000,000
Investment Gain	<u>127,758</u>
Ending Balance as of 09/30/2018	<u>\$ 38,384,687 *</u>
Net Return 3rd Quarter 2018	+40 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+26 bp

\*Includes accrued interest

**HH Holdings, Inc.**

**Ponder/Salem Account 3040000414**

**U.S. Treasury Account**

**HH Holdings, Inc.**

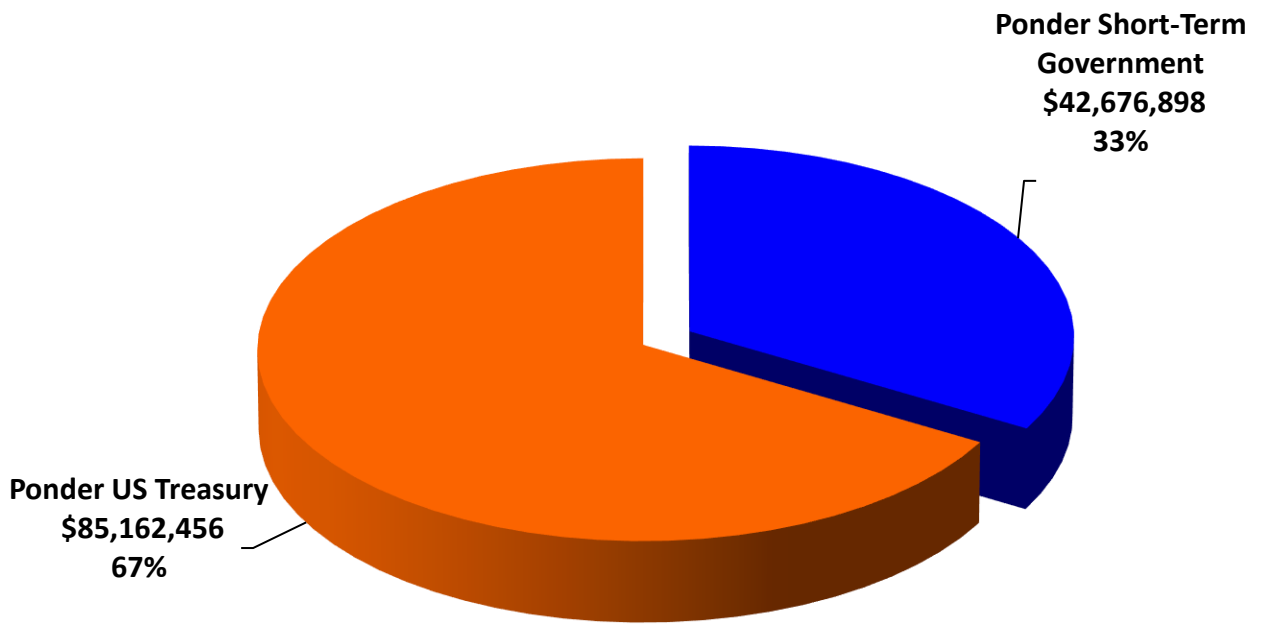
Third Quarter 2018

Ended 09/30/2018

Beginning Balance as of 6/30/2018	\$ 65,473,396
Net Additions/Withdrawals	6,000,000
Investment Gain	<u>321,015</u>
Ending Balance as of 09/30/2018	<u>\$ 71,794,411 *</u>
Net Return 3rd Quarter 2018	+49 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index	+6 bp

\*Includes Accrued Interest

**HHMC Liquid Investments Accounts**  
**Breakdown of Assets**  
*as of 09/30/2018*



**Total: \$127,839,354**

**HHMC Liquid Investment Account**

**Ponder/Salem Account 3040030258**

**Short-term Government Bond**

**HHMC Depreciation**

Third Quarter 2018

Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$ 42,543,100
Net Additions/Withdrawals	-
Investment Gain	<u>133,798</u>
Ending Balance as of 09/30/2018	<u>\$ 42,676,898 *</u>
Net Return 3rd Quarter 2018	+31 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index	+6 bp

\*Includes Accrued Interest

**HHMC Liquid Investment Account**

**Ponder/Salem Account 3040030258**

**U.S. Treasury Account**

**HHMC Depreciation**

Third Quarter 2018

Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	-
Net Additions/Withdrawals		84,646,378
Investment Gain		<u>516,078</u>
Ending Balance as of 09/30/2018	\$	<u>85,162,456 *</u>
Net Return 3rd Quarter 2018		+61 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index		+6 bp

\*Includes Accrued Interest

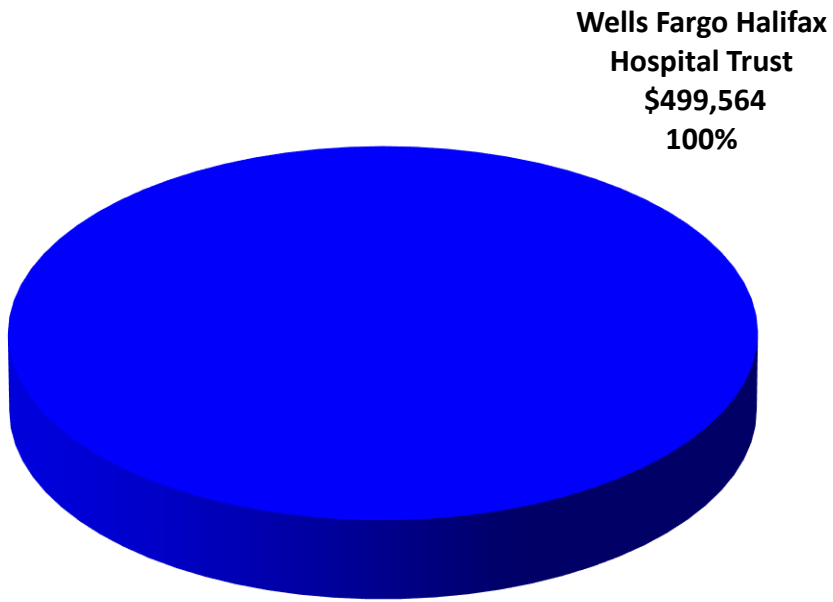
**HHMC Liquid Investment Account**

**Vanguard Account 88060843876 -- VSGDX**  
**Short-term Government Bond**  
**Halifax Hospital Medical Center dba Halifax Health**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	64,427
Net Additions/Withdrawals		(64,543)
Investment Gain		<u>116</u>
Ending Balance as of 09/30/2018	\$	<u><u>-</u></u>
Net Return 3rd Quarter 2018		+18 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index		+6 bp

**HHMC Debt & Self-Insurance Accounts**  
**Breakdown of Fixed-Income Assets**  
*as of 09/30/2018*



**Total: \$499,564**

**HHMC Debt and Self-Insurance Accounts**

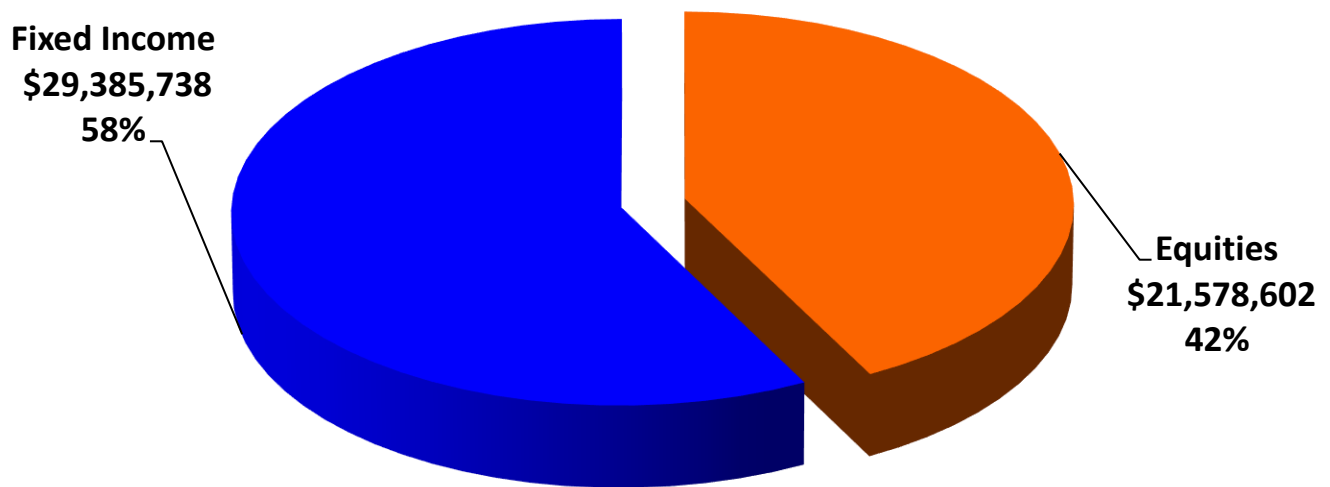
**Wells Fargo Account 25564000**  
**Short-term Government Bond**  
**Halifax Hospital Trust**  
**U/A DTD 12/11/87 Self-Insurance Trust Fund**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	511,547
Net Additions/Withdrawals		(15,000)
Investment Gain		<u>3,017</u>
Ending Balance as of 09/30/2018	\$	<u><u>499,564</u></u>
Net Return 3rd Quarter 2018		+59 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index		+6 bp

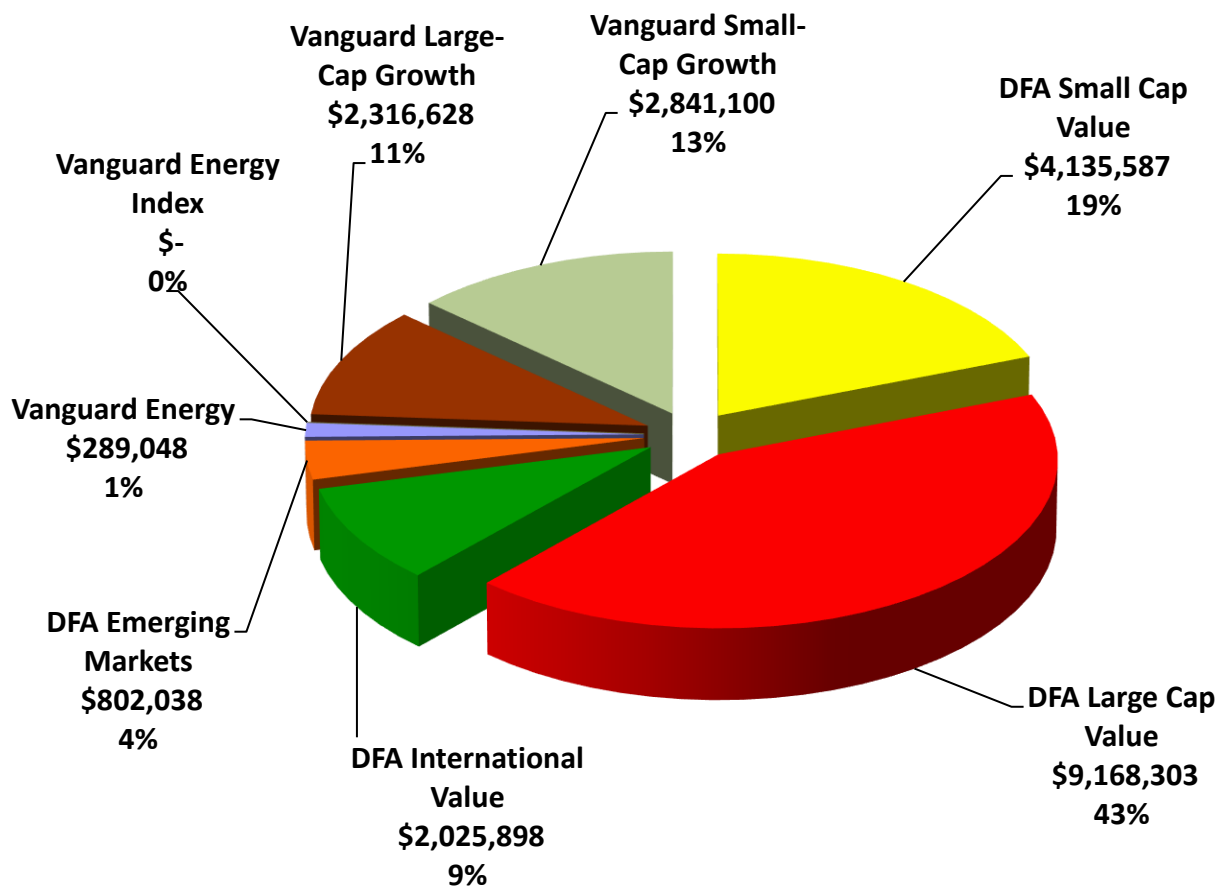


**HMC Foundation Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 09/30/2018*



**Total: \$50,964,340**

## HMC Foundation Accounts Breakdown of Equity Assets *as of 09/30/2018*



**Total: \$21,578,602**

**HMC Foundation Accounts**

**Vanguard Account 88038919211/88051689065 -- VFSIX**  
**Short-term Investment Grade**  
**Halifax Medical Center Foundation, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$ 22,985,124
Net Additions/Withdrawals	(20,750,000)
Investment Gain	<u>158,639</u>
Ending Balance as of 09/30/2018	<u><u>\$ 2,393,763</u></u>
Net Return 3rd Quarter 2018	+69 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+26 bp

**HMC Foundation Accounts**

**Vanguard Account 88038919211/ -- VMFXX  
Federal MM Fund  
Halifax Medical Center Foundation, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	-
Net Additions/Withdrawals		6,232,555
Investment Loss		-
Ending Balance as of 09/30/2018	\$	<u>6,232,555</u>
Net Return 3rd Quarter 2018		-0.00%
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index		+26 bp

**HMC Foundation Accounts**  
**Ponder/Salem Account**  
**U.S. Treasury Account**  
**Halifax Medical Center Foundation, Inc.**

Third Quarter 2018  
 Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	-
Net Additions/Withdrawals		20,662,233
Investment Gain		<u>97,187</u>
Ending Balance as of 09/30/2018	\$	<u><u>20,759,420</u></u> *
Net Return 3rd Quarter 2018		+94 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index		+6 bp

\* Includes accrued interest

## HMC Foundation Accounts

### Dimensional (DFA) Account 10036 Halifax Medical Center Foundation, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 06/30/2018	\$	4,088,119
Net Additions/Withdrawals		-
Investment Gain		47,468
Ending Balance as of 09/30/2018	\$	<u>4,135,587</u>
Net Return 3rd Quarter 2018		+1.16%
Benchmark Performance: Russell 2000 Small Value		+1.60%

#### International Value (DFIVX)

Beginning Balance as of 06/30/2018	\$	2,000,148
Net Additions /Withdrawals		-
Investment Gain		25,750
Ending Balance as of 09/30/2018	\$	<u>2,025,898</u>
Net Return 3rd Quarter 2018		+1.29%
Benchmark Performance: MSCI World ex USA Idx		+1.38%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 06/30/2018	\$	784,788
Net Additions /Withdrawals		-
Investment Gain		17,250
Ending Balance as of 09/30/2018	\$	<u>802,038</u>
Net Return 3rd Quarter 2018		+2.20%
Benchmark Performance: MSCI EMID		-95 bp

**Large Cap Value (DFLVX)**

Beginning Balance as of 06/30/2018	\$ 8,673,161
Net Additions /Withdrawals	-
Investment Gain	495,142
Ending Balance as of 09/30/2018	<u>\$ 9,168,303</u>
Net Return 3rd Quarter 2018	+5.71%
Benchmark Performance: Russell 1000 Large Value	+5.70%

**Total: DFA Foundation 3rd Quarter 2018**

Beginning Balance as of 06/30/2018	\$ 15,546,216
Net Additions /Withdrawals	-
Investment Gain	585,610
Ending Balance as of 09/30/2018	<u>\$ 16,131,826</u>
Combined Net Return 3rd Quarter 2018	+3.77%
Combined Benchmark Performance	+3.73%

## HMC Foundation Accounts

### Vanguard Accounts 88038919211/88051689065 Halifax Medical Center Foundation, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Energy (VGELX)

Beginning Balance as of 06/30/2018	\$	776,910
Net Additions/Withdrawals		(500,852)
Investment Gain		12,990
Ending Balance as of 09/30/2018	\$	<u>289,048</u>
Net Return 3rd Quarter 2018		+1.67%
Benchmark Performance: MSCI All Country World Energy		+2.61%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 06/30/2018	\$	4,772,748
Net Additions/Withdrawals		(2,828,237)
Investment Gain		372,117
Ending Balance as of 09/30/2018	\$	<u>2,316,628</u>
Net Return 3rd Quarter 2018		+7.80%
Benchmark Performance: Russell 1000 Large Growth		+9.17%



### Health Care (VGHAX)

Beginning Balance as of 06/30/2018	\$ 755,259
Net Additions/Withdrawals	(854,068)
Investment Gain	98,809
Ending Balance as of 09/30/2018	<u>\$ -</u>
Net Return 3rd Quarter 2018	+13.08%
Benchmark Performance: MSCI All Country World Health Care	+10.97%

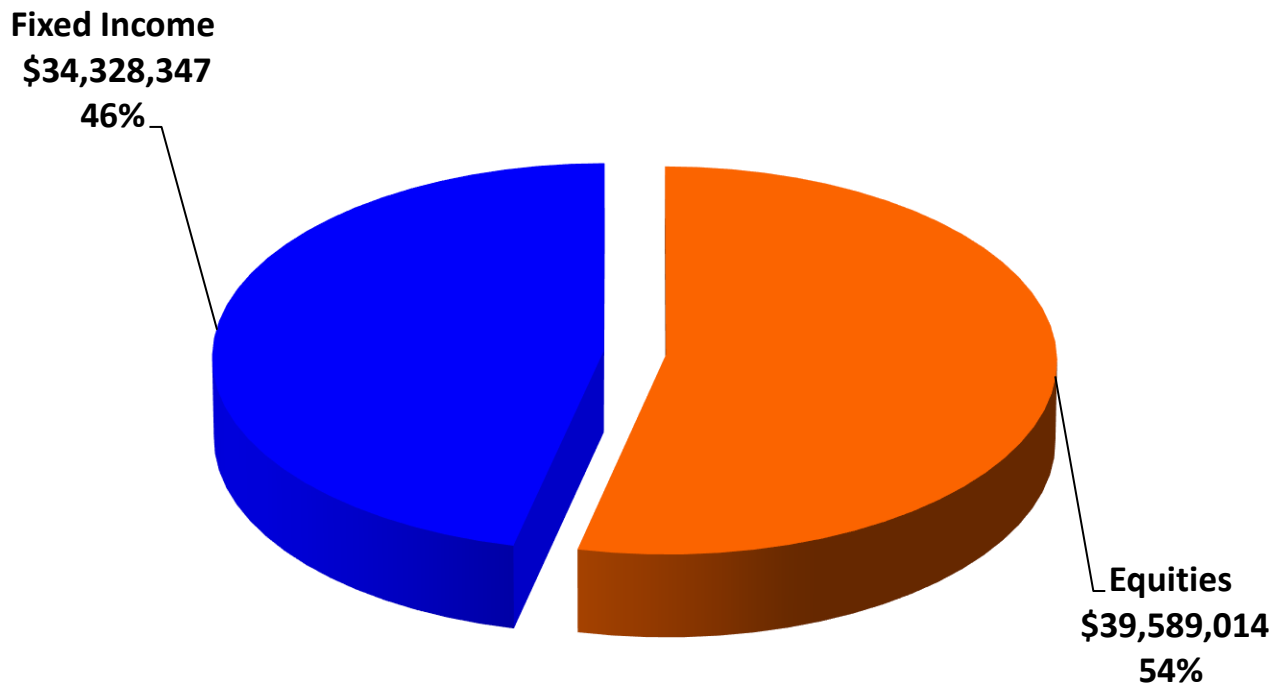
### Small-Cap Growth (VSGIX)

Beginning Balance as of 06/30/2018	\$ 4,586,407
Net Additions/Withdrawals	(2,049,397)
Investment Gain	304,090
Ending Balance as of 09/30/2018	<u>\$ 2,841,100</u>
Net Return 3rd Quarter 2018	+6.63%
Benchmark Performance: Russell 2000 Small Growth	+5.52%

### Total: Vanguard Foundation 3rd Quarter 2018

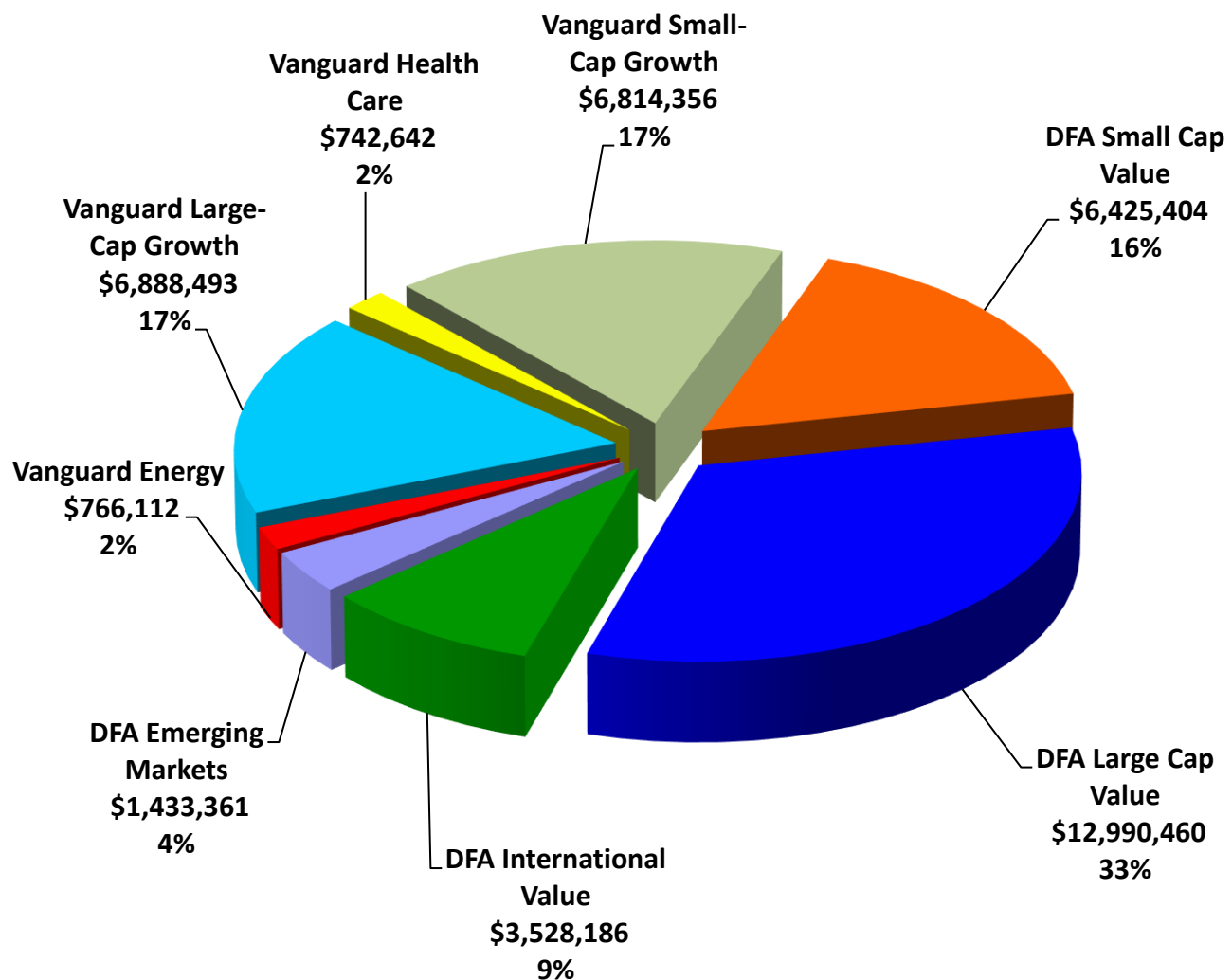
Beginning Balance as of 06/30/2018	\$ 10,891,324
Net Additions/Withdrawals	(6,232,554)
Investment Gain	788,006
Ending Balance as of 09/30/2018	<u>\$ 5,446,776</u>
Combined Net Return 3rd Quarter 2018	+7.24%
Combined Benchmark Return	+7.29%

**Halifax Hospice Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 09/30/2018*



**Total: \$73,917,361**

## Halifax Hospice Accounts Breakdown of Equity Assets *as of 09/30/2018*



**Total: \$39,589,014**

**Halifax Hospice Accounts**

**Vanguard Account 88038915859 -- VFSIX**  
**Short-term Investment Grade**  
**Halifax Hospice, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	34,076,790
Net Additions/Withdrawals		(32,750,000)
Investment Gain		<u>236,689</u>
Ending Balance as of 09/30/2018	\$	<u><u>1,563,479</u></u>
Net Return 3rd Quarter 2018		+69 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index		+26 bp

**Halifax Hospice Accounts**

**Ponder/Salem Account**  
**U.S. Treasury Account**  
**Halifax Hospice, Inc.**

Third Quarter 2018  
 Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	-
Net Additions/Withdrawals		32,611,476
Investment Gain		<u>153,392</u>
Ending Balance as of 09/30/2018	<u>\$</u>	<u>32,764,868</u> *
Net Return 3rd Quarter 2018		+94 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index		+6 bp

\* Includes accrued interest

## Halifax Hospice Accounts

### Dimensional (DFA) Account 10016 Halifax Hospice, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 06/30/2018	\$	6,351,653
Net Additions/Withdrawals		-
Investment Gain		73,751
Ending Balance as of 09/30/2018	\$	<u>6,425,404</u>
Net Return 3rd Quarter 2018		+1.16%
Benchmark Performance: Russell 2000 Small Value		+1.60%

#### International Value (DFIVX)

Beginning Balance as of 06/30/2018	\$	3,483,341
Net Additions /Withdrawals		-
Investment Gain		44,845
Ending Balance as of 09/30/2018	\$	<u>3,528,186</u>
Net Return 3rd Quarter 2018		+1.29%
Benchmark Performance: MSCI World ex USA Idx		+1.38%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 06/30/2018	\$	1,402,532
Net Additions /Withdrawals		-
Investment Gain		30,829
Ending Balance as of 09/30/2018	\$	<u>1,433,361</u>
Net Return 3rd Quarter 2018		+2.20%
Benchmark Performance: MSCI EMID		-95 bp

**Large Cap Value (DFLVX)**

Beginning Balance as of 06/30/2018	\$ 12,288,898
Net Additions /Withdrawals	-
Investment Gain	701,562
Ending Balance as of 09/30/2018	<u>\$ 12,990,460</u>
Net Return 3rd Quarter 2018	+5.71%
Benchmark Performance: Russell 1000 Large Value	+5.70%

**Total: DFA Hospice 3rd Quarter 2018**

Beginning Balance as of 06/30/2018	\$ 23,526,424
Net Additions /Withdrawals	-
Investment Gain	850,987
Ending Balance as of 09/30/2018	<u>\$ 24,377,411</u>
Combined Net Return 3rd Quarter 2018	+3.62%
Combined Benchmark Performance	+3.05%

## Halifax Hospice Accounts

### Vanguard Account 88038915859 Halifax Hospice, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Energy (VGELX)

Beginning Balance as of 06/30/2018	\$	753,513
Net Additions/Withdrawals		-
Investment Gain		12,599
Ending Balance as of 09/30/2018	\$	<u>766,112</u>
Net Return 3rd Quarter 2018		+1.67%
Benchmark Performance: MSCI All Country World Energy		+2.61%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 06/30/2018	\$	6,390,262
Net Additions/Withdrawals		-
Investment Gain		498,231
Ending Balance as of 09/30/2018	\$	<u>6,888,493</u>
Net Return 3rd Quarter 2018		+7.80%
Benchmark Performance: Russell 1000 Large Growth		+9.17%

#### Health Care (VGHAX)

Beginning Balance as of 06/30/2018	\$	656,724
Net Additions/Withdrawals		-
Investment Gain		85,918
Ending Balance as of 09/30/2018	\$	<u>742,642</u>
Net Return 3rd Quarter 2018		+13.08%
Benchmark Performance: MSCI All Country World Health Care		+10.97%



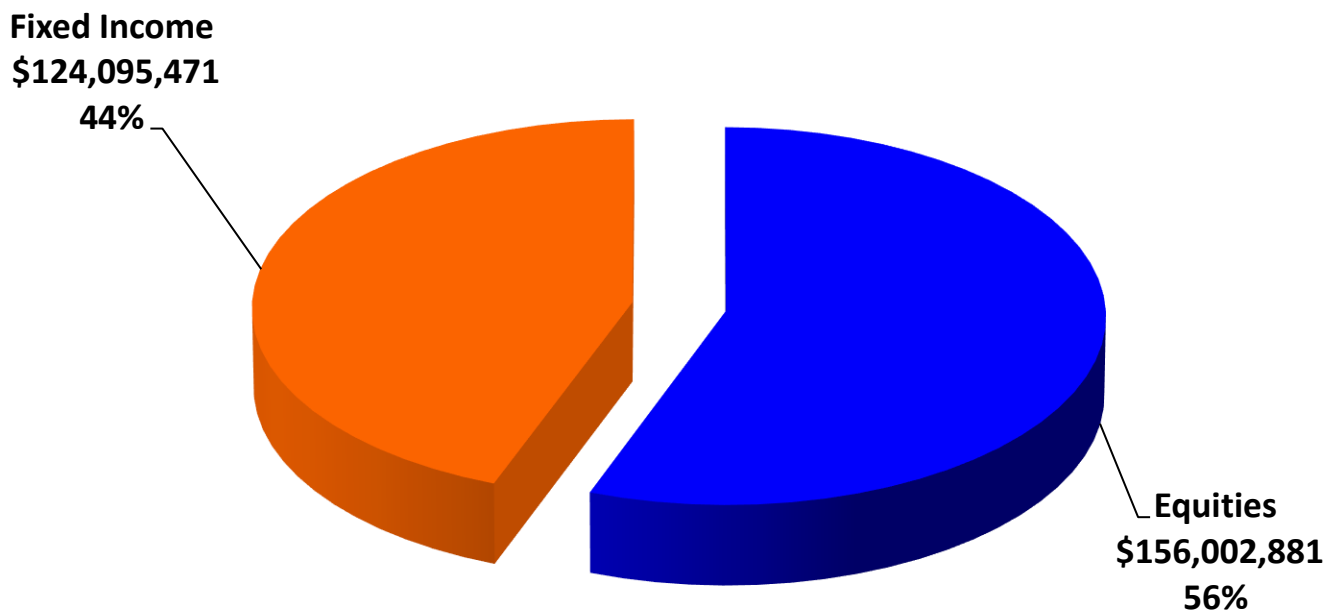
**Small-Cap Growth (VSGIX)**

Beginning Balance as of 06/30/2018	\$ 6,390,640
Net Additions/Withdrawals	-
Investment Gain	423,716
Ending Balance as of 09/30/2018	<u>\$ 6,814,356</u>
Net Return 3rd Quarter 2018	+6.63%
Benchmark Performance: Russell 2000 Small Growth	+5.52%

**Total: Vanguard Hospice 3rd Quarter 2018**

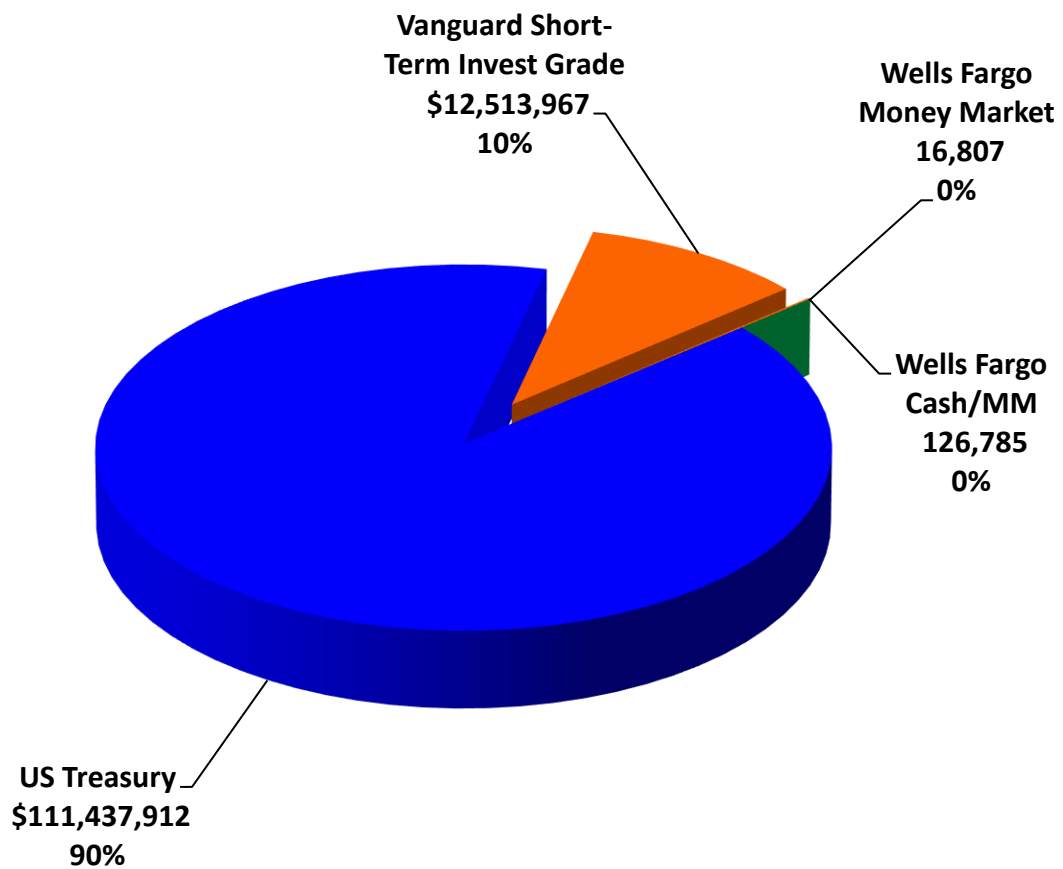
Beginning Balance as of 06/30/2018	\$ 14,191,139
Net Additions/Withdrawals	-
Investment Gain	1,020,464
Ending Balance as of 09/30/2018	<u>\$ 15,211,603</u>
Combined Net Return 3rd Quarter 2018	+7.19%
Combined Benchmark Return	+7.26%

**Halifax Staffing Pension Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 09/30/2018*



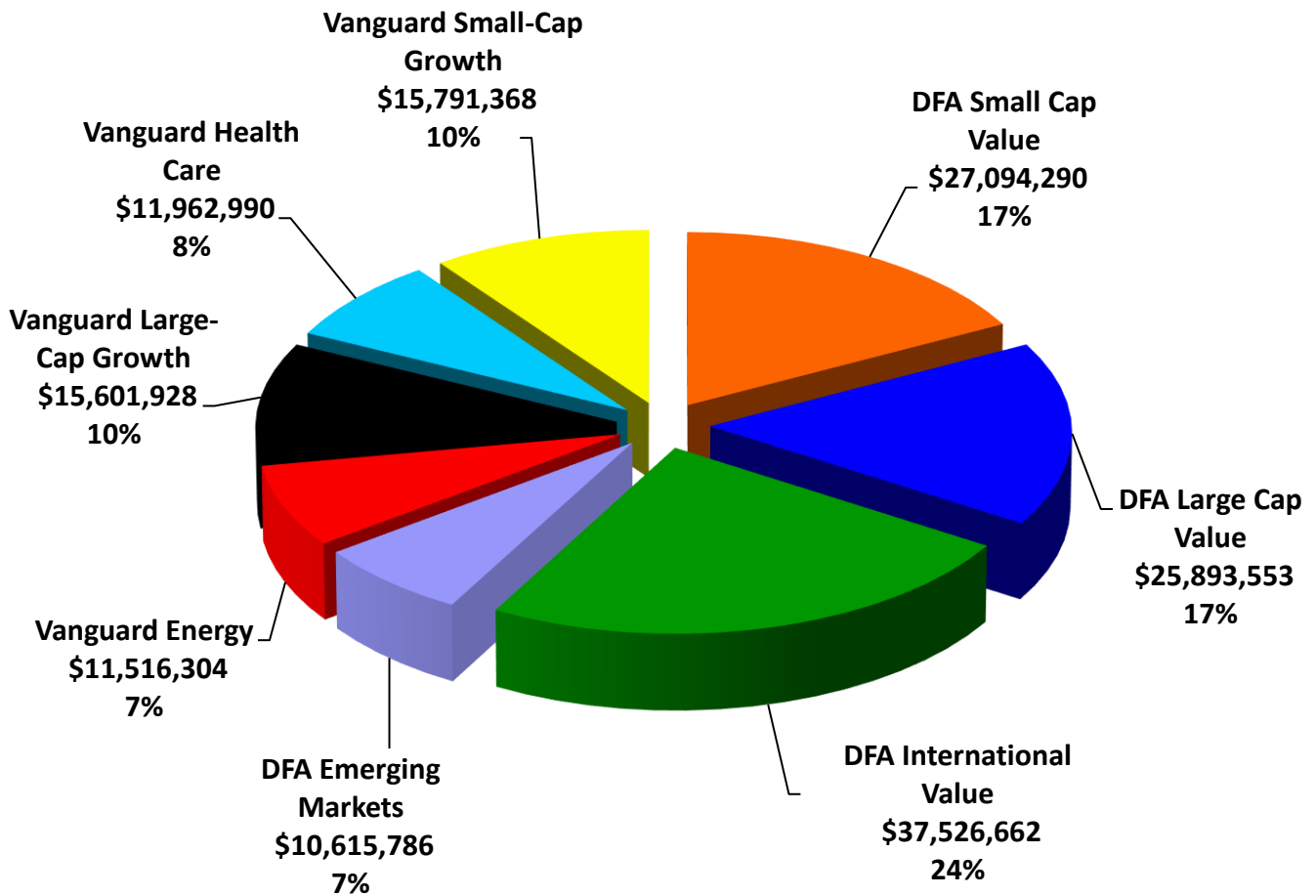
**Total: \$280,098,352**

**Halifax Staffing Pension Accounts  
Breakdown of Fixed-Income Assets**  
*as of 09/30/2018*



**Total: \$124,095,471**

**Halifax Staffing Pension Accounts**  
**Breakdown of Equity Assets**  
*as of 09/30/2018*



**Total: \$156,002,881**

**Halifax Staffing Pension Accounts**

**Vanguard Account 20304802 -- VFSIX**  
**Short-term Investment Grade**  
**Halifax Staffing, Inc.**

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$ 124,851,252
Net Additions/Withdrawals	(112,600,000)
Investment Gain	<u>262,715</u>
Ending Balance as of 09/30/2018	<u>\$ 12,513,967</u>
Net Return 3rd Quarter 2018	+31 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+26 bp

## Halifax Staffing Pension Accounts

### U.S. Treasury Account Halifax Staffing, Inc.

Third Quarter 2018  
Ended 09/30/2018

Beginning Balance as of 06/30/2018	\$	-
Net Additions/Withdrawals		110,932,500
Investment Gain		<u>505,412</u>
Ending Balance as of 09/30/2018	\$	<u><u>111,437,912</u></u> *
Net Return 3rd Quarter 2018		+91 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index		+6 bp

\* Includes accrued interest

## Halifax Staffing Pension Accounts

### Dimensional (DFA) Account 10037 Halifax Staffing, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 06/30/2018	\$ 26,783,300
Net Additions/Withdrawals	-
Investment Gain	310,990
Ending Balance as of 09/30/2018	<u>\$ 27,094,290</u>
Net Return 3rd Quarter 2018	+1.16%
Benchmark Performance: Russell 2000 Small Value	+1.60%

#### International Value (DFIVX)

Beginning Balance as of 06/30/2018	\$ 37,049,680
Net Additions /Withdrawals	-
Investment Gain	476,982
Ending Balance as of 09/30/2018	<u>\$ 37,526,662</u>
Net Return 3rd Quarter 2018	+1.29%
Benchmark Performance: MSCI World ex USA Idx	+1.38%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 06/30/2018	\$ 10,387,463
Net Additions /Withdrawals	-
Investment Gain	228,323
Ending Balance as of 09/30/2018	<u>\$ 10,615,786</u>
Net Return 3rd Quarter 2018	+2.20%
Benchmark Performance: MSCI EMID	-95 bp

**Large Cap Value (DFLVX)**

Beginning Balance as of 06/30/2018	\$ 24,495,149
Net Additions /Withdrawals	-
Investment Gain	1,398,404
Ending Balance as of 09/30/2018	<u>\$ 25,893,553</u>
Net Return 3rd Quarter 2018	+5.71%
Benchmark Performance: Russell 1000 Large Value	+5.70%

**Total: DFA Pension 3rd Quarter 2018**

Beginning Balance as of 06/30/2018	\$ 98,715,592
Net Additions /Withdrawals	-
Investment Gain	2,414,699
Ending Balance as of 09/30/2018	<u>\$ 101,130,291</u>
Combined Net Return 3rd Quarter 2018	+2.45%
Combined Benchmark Performance	+2.27%



## Halifax Staffing Pension Accounts

### Vanguard Account 20304802 Halifax Staffing, Inc.

Third Quarter 2018  
Ended 09/30/2018

#### Energy (VGELX)

Beginning Balance as of 06/30/2018	\$ 11,326,905
Net Additions/Withdrawals	-
Investment Gain	189,399
Ending Balance as of 09/30/2018	<u>\$ 11,516,304</u>
Net Return 3rd Quarter 2018	+1.67%
Benchmark Performance: MSCI All Country World Energy	+2.61%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 06/30/2018	\$ 14,473,472
Net Additions/Withdrawals	-
Investment Gain	1,128,457
Ending Balance as of 09/30/2018	<u>\$ 15,601,928</u>
Net Return 3rd Quarter 2018	+7.80%
Benchmark Performance: Russell 1000 Large Growth	+9.17%

#### Health Care (VGHAX)

Beginning Balance as of 06/30/2018	\$ 10,578,965
Net Additions/Withdrawals	-
Investment Gain	1,384,025
Ending Balance as of 09/30/2018	<u>\$ 11,962,990</u>
Net Return 3rd Quarter 2018	+13.08%
Benchmark Performance: MSCI All Country World Health Care	+10.97%

**Small-Cap Growth (VSGIX)**

Beginning Balance as of 06/30/2018	\$ 14,809,463
Net Additions/Withdrawals	-
Investment Gain	981,905
Ending Balance as of 09/30/2018	<u>\$ 15,791,368</u>
Net Return 3rd Quarter 2018	+6.63%
Benchmark Performance: Russell 2000 Small Growth	+5.52%

**Total: Vanguard Pension 3rd Quarter 2018**

Beginning Balance as of 06/30/2018	\$ 51,188,805
Net Additions/Withdrawals	-
Investment Gain	3,683,785
Ending Balance as of 09/30/2018	<u>\$ 54,872,590</u>
Combined Net Return 3rd Quarter 2018	+7.20%
Combined Benchmark Return	+7.03%

**Total Staffing**

Beginning Balance as of 06/30/2018	\$ 274,755,649
Net Additions/Withdrawals	(1,667,500)
Investment Gain	6,866,611
Ending Balance as of 09/30/2018	<u>\$ 279,954,760</u>
Combined Net Return 3rd Quarter 2018	+3.41%
Combined Benchmark Return	+2.31%

# Halifax Health Portfolios

## Performance of Benchmarks

Third Quarter 2018  
Ended 09/30/2018

	3rd Q 2018
<u>Benchmark</u>	<u>Performance</u>
Barclay's 1-5 Year Gov't Bond Index	+6 bp
Barclay's 1-5 Year Gov't/Credit	+26 bp
MSCI All Country World Energy Index	+2.61%
MSCI All Country World Health Care Index	+10.97%
MSCI World ex USA Index	+1.38%
MSCI Emerging Markets EMID Index	-95 bp
Russell 1000 Large Growth Index	+9.17%
Russell 1000 Large Value Index	+5.70%
Russell 2000 Small Growth Index	+5.52%
Russell 2000 Small Value Index	+1.60%
S&P 500 Index	+7.71%
3 Month T-Bill	+53 bp

# Halifax Health Portfolio

Investment Account Balances  
as of September 30, 2018

## Halifax Health Investment Accounts

### HH Holdings

<i>IM</i> /Account Title/Account #	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i> /HH Holdings 0858-88032962086 Short-term Inv-Gr	\$ 53,746,971	\$ 24,253,053	\$ 24,240,824	\$ (12,229)
<i>Ponder</i> /HH Holdings 3040000414 Short-term Gov't/Corporate	32,185,171	46,412,973	38,384,687	(8,028,286)
<i>Ponder</i> /HH Holdings 3040000414 US Treasury Account	73,704,944	71,722,642	71,794,411	71,769
<b>Totals:</b>	<b>\$ 159,637,086</b>	<b>\$ 142,388,668</b>	<b>\$ 134,419,922</b>	<b>\$ (7,968,746)</b>

### HHMC Liquid Investment Accounts

<i>Ponder</i> /Hal Med Ctr Deprec 3040030258 Short-term Gov't Bond	\$ 42,416,447	\$ 42,691,798	\$ 42,676,898	\$ (14,900)
<i>Ponder</i> /Hal Med Ctr Deprec 3040030258 US Treasury Account	-	85,076,653	85,162,456	85,803
<i>Vanguard</i> /Hal Hosp Med Ctr dba HH 88060843876	64,627	-	-	-
<b>Totals:</b>	<b>\$ 42,481,074</b>	<b>\$ 127,768,451</b>	<b>\$ 127,839,354</b>	<b>\$ 70,903</b>

**HHMC Debt & Self-Insurance Accounts**

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Wells Fargo</i> Hal Hos Tr Slf Ins fd 25564000	\$ 551,270	\$ 503,801	\$ 499,564	\$ (4,237)
<b>Totals:</b>	<b>\$ 551,270</b>	<b>\$ 503,801</b>	<b>\$ 499,564</b>	<b>\$ (4,237)</b>

**HH Foundation Accounts**

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
HMC Foundation Inc.				
Short-Term Invest-Gr Inst.	\$ 23,063,990	\$ 2,394,978	\$ 2,393,763	\$ (1,215)
Vanguard Federal Money Market	-	-	6,232,555	6,232,555
<i>Ponder</i>				
HMC Foundation Inc.				
US Treasuries	-	20,753,835	20,759,420	\$ 5,585
<i>Dimensional (DFA)</i>				
HMC Foundation Inc.				
Small-Cap Value	3,766,776	4,271,889	4,135,587	(136,302)
International Value	1,988,198	1,990,772	2,025,898	35,126
Emerging Markets Value	783,454	801,307	802,038	731
Large-Cap Value	8,234,389	9,161,854	9,168,303	6,449
<i>Vanguard</i>				
HMC Foundation Inc.				
Energy	690,464	767,910	289,048	(478,862)
Large-Cap Growth	4,193,118	5,122,411	2,316,628	(2,805,783)
Health Care	745,413	844,489	-	(844,489)
Small-Cap Growth	3,956,561	4,957,026	2,841,100	(2,115,926)
<b>Totals:</b>	<b>\$ 47,422,363</b>	<b>\$ 51,066,471</b>	<b>\$ 50,964,340</b>	<b>\$ (102,131)</b>

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
Halifax Hospice Inc.				
Short-Term Invest-Gr Inst	\$ 34,193,713	\$ 1,564,280	\$ 1,563,479	\$ (801)
<i>Ponder</i>				
Halifax Hospice Inc.				
US Treasuries	-	32,756,052	32,764,868	8,816
<i>Dimensional (DFA)</i>				
Halifax Hospice Inc.				
Small-Cap Value	5,852,386	6,637,174	6,425,404	(211,770)
International Value	3,462,531	3,467,013	3,528,186	61,173
Emerging Markets Value	1,400,147	1,432,054	1,433,361	1,307
Large-Cap Value	11,667,209	12,981,322	12,990,460	9,138
<i>Vanguard</i>				
Halifax Hospice Inc.				
Energy	676,922	744,785	766,112	21,327
Large-Cap Growth	5,614,193	6,858,428	6,888,493	30,065
Health Care	648,163	734,313	742,642	8,329
Small-Cap Growth	5,513,022	6,907,056	6,814,356	(92,700)
<b>Totals:</b>	<b>\$ 69,028,286</b>	<b>\$ 74,082,477</b>	<b>\$ 73,917,361</b>	<b>\$ (165,116)</b>

**HH Portfolio Totals with September 2018 Changes**

HH Holdings	\$ 159,637,086	\$ 142,388,668	\$ 134,419,922	\$ (7,968,746)
HHMC Liquid Investments Accounts	42,481,074	127,768,451	127,839,354	70,903
HHMC Debt & Self-Insurance Accounts	551,270	503,801	499,564	(4,237)
HH Foundation Accounts	47,422,363	51,066,471	50,964,340	(102,131)
HH Hospice Accounts	69,028,286	74,082,477	73,917,361	(165,116)
<b>Totals:</b>	<b>\$ 319,120,079</b>	<b>\$ 395,809,868</b>	<b>\$ 387,640,541</b>	<b>\$ (8,169,327)</b>

## HH Pension Accounts

<i>IM /Account/Account #</i>	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan				
Short-Term Invest-Gr Inst	\$ 132,311,686	\$ 13,020,608	\$ 12,513,967	\$ (506,641)
US Treasuries	-	111,438,512	111,437,912	(600)
<i>Dimensional (DFA)</i>				
Halifax Staffing Inc. DB Pension Plan				
Small-Cap Value	21,499,087	27,987,270	27,094,290	(892,980)
International Value	33,978,622	36,876,009	37,526,662	650,653
Emerging Markets Value	11,169,572	10,606,109	10,615,786	9,677
Large-Cap Value	21,401,560	25,875,339	25,893,553	18,214
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan				
Energy	9,166,438	11,195,702	11,516,304	320,602
Large-Cap Growth	13,525,779	15,533,834	15,601,928	68,094
Health Care	9,448,611	11,828,811	11,962,990	134,179
Small-Cap Growth	13,553,646	16,006,188	15,791,368	(214,820)
Wells Fargo Government Money Market	1,982	16	16,807	16,791
<i>Wells Fargo</i>				
Halifax Staffing Inc. DB Pension Plan				
Cash & Cash Equivalents	302,302	2,132,605	126,785	(2,005,820)
<b>Totals:</b>	<b>\$ 266,359,285</b>	<b>\$ 282,501,003</b>	<b>\$ 280,098,352</b>	<b>\$ (2,402,651)</b>

## Total Assets: Pension and Investment Accounts

### Totals with September 2018 Changes

Pension Accounts	\$ 266,359,285	\$ 282,501,003	\$ 280,098,352	\$ (2,402,651)
All Other Accounts	319,120,079	395,809,868	387,640,541	(8,169,327)
<b>Grand Total:</b>	<b>\$ 585,479,364</b>	<b>\$ 678,310,871</b>	<b>\$ 667,738,893</b>	<b>\$ (10,571,978)</b>

## Halifax Health US Treasury Bond Summary

Entity				Market Value	Yield to
Coupon, Maturity	Date of purchase	Purchase price	QTY	9/30/2018	Maturity
<b>HH Holdings</b>					
1.50%, 02/28/2019	5/15/2018	\$99.4102	15,702,000	\$15,665,800	1.81%
1.375%, 11/30/2018	5/15/2018	99.6133	17,773,000	17,832,022	1.52%
1.125%, 05/31/2019	5/15/2018	98.7500	18,390,000	18,292,179	1.93%
1.75%, 11/30/2019	8/24/2018	99.0469	20,105,000	20,004,410	2.66%
				\$71,794,411	2.00%
<b>HMC</b>					
1.125%, 05/31/2019	6/4/2018	98.8438	85,616,000	\$85,160,586	1.70%
<b>Foundation</b>					
1.75%, 11/30/2019	8/24/2018	99.0469	20,859,000	\$20,754,637	2.66%
<b>Halifax Hospice Inc.</b>					
1.75%, 11/30/2019	8/24/2018	99.0469	32,922,000	\$32,757,282	2.66%
<b>Halifax Staffing Inc. DB Pension Plan</b>					
1.75%, 11/30/2019	8/24/2018	99.0469	112,000,000	\$111,437,912	2.66%



**Halifax Foundation Accounts**  
**Asset Allocation**  
**as of September 30, 2018**

ASSET CLASS	RANGE	TARGET	9/30/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60%	45%	\$2,393,763	5%
US Treasuries			\$20,759,420	41%
Cash Equivalents			\$6,232,555	12%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$29,385,738</b>	<b>58%</b>
<b>EQUITIES</b>				
Large-Cap Value	10%-30%	19%	\$9,168,303	18%
Small-Cap Value	5%-15%	9%	\$4,135,587	8%
International Value	0%-15%	4%	\$2,025,898	4%
Emerging Markets Value	0%-5%	2%	\$802,038	2%
Large-Cap Growth	5%-15%	9%	\$2,316,628	5%
Small-Cap Growth	5%-15%	9%	\$2,841,100	6%
Specialty:	0%-11%	3%	\$289,048	1%
<i>Healthcare</i>			\$0	
<i>Energy</i>			\$289,048	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$21,578,602</b>	<b>42%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$50,964,340</b>	<b>100%</b>

**Halifax Hospice Accounts**  
**Asset Allocation**  
**as of September 30, 2018**

ASSET CLASS	RANGE	TARGET	9/30/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60	45%	\$1,563,479	2%
US Treasuries			\$32,764,868	44%
Cash			\$0	0%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$34,328,347</b>	<b>46%</b>
<b>EQUITIES</b>				
Large-Cap Value	10%-30%	19%	\$12,990,460	18%
Small-Cap Value	5%-15%	9%	\$6,425,404	9%
International Value	0%-15%	4%	\$3,528,186	5%
Emerging Markets Value	0%-5%	2%	\$1,433,361	2%
Large-Cap Growth	5%-15%	9%	\$6,888,493	9%
Small-Cap Growth	5%-15%	9%	\$6,814,356	9%
Specialty (Healthcare/Energy)	0%-11%	3%	\$1,508,754	2%
<i>Healthcare</i>			\$742,642	
<i>Energy</i>			\$766,112	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$39,589,014</b>	<b>54%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$73,917,361</b>	<b>100%</b>

**Halifax Pension Accounts**  
**Asset Allocation**  
**as of September 30, 2018**

ASSET CLASS	RANGE	TARGET	9/30/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60%	45%	\$12,513,967	4%
US Treasuries			\$111,437,912	40%
Cash			\$143,592	0%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$124,095,471</b>	<b>44%</b>
<b>EQUITIES</b>				
Large-Cap Value	7%-13%	9%	\$25,893,553	9%
Small-Cap Value	7%-13%	9%	\$27,094,290	10%
International Value	11%-19%	15%	\$37,526,662	13%
Emerging Markets Value	3%-7%	4%	\$10,615,786	4%
Large-Cap Growth	4%-10%	5%	\$15,601,928	6%
Small-Cap Growth	4%-8%	5%	\$15,791,368	6%
Specialty (Healthcare/Energy)	0%-11%	8%	\$23,479,294	8%
<i>Healthcare</i>			\$11,962,990	
<i>Energy</i>			\$11,516,304	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$156,002,881</b>	<b>56%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$280,098,352</b>	<b>100%</b>



# HALIFAX HEALTH

TO: Eric Peburn, Executive Vice President and Chief Financial Officer  
FROM: Kent Bailey, Director of Finance  
DATE: November 6, 2018  
RE: Request for Proposals, Investment Advisory Services

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Mike Walsh of Ashford Investments has made us aware of his plans for scaling back his practice. As a result, we are preparing a request for proposal (RFP) to secure investment advisory services for Halifax Health. The intent of the RFP is to partner with a company that can offer the highest quality and greatest diversity of investment advisory services at the lowest overall cost while providing the best customer service. We will discuss this RFP process with the Investment Committee on November 12, 2018, to seek their feedback and approval to circulate the RFP.

Key elements of the RFP are as follows:

1. Tentative timeline –

Distribution of the RFP	November 20, 2018
Questions from potential providers due	December 14, 2108
Responses to questions provided	December 21, 2018
Responses to the RFP due	January 14, 2019
Finalists notified	January 28, 2019
Finalist presentations	March 11, 2019

Staff will select two to four finalists to present at the March 11, 2019 Investment Committee meeting
2. Firms to receive RFP:
  - Bott-Anderson Partners, Inc.
  - Highland Associates
  - Concord Advisory Group
  - Wilshire
  - Cambridge Advisors
  - Marquette Associates
  - Pavilion Financial Group (recently acquired by Mercer)
3. Entities/investments within RFP scope:
  - Halifax Hospital Medical Center
  - HH Holdings, Inc.
  - Halifax Health Hospice, Inc.
  - Halifax Medical Center Foundation, Inc.
  - Halifax Management System, Inc.
  - Halifax Pension Plan

Specifically excluded are the investments of all employee contributory retirement plans sponsored by Staffing.

4. Scope of services:

- Advising the staff/Investment Committee on investment guidelines and policies, including the development of new guidelines and policies and the amendment thereto, and reviewing to ensure compliance is maintained with Investment Policy Statements
- Advising on investment management analysis, including tracking of performance achieved in variance from the investment manager's contractual mandates
- Manager oversight, including periodic review and interviews of managers
- Advising on strategic and tactical investment issues, including rebalancing of asset classes consistent with the Investment Policy Statements
- Advising on asset allocation
- Advising on performance measurement and assignment of relevant benchmarks in the appropriate asset classes
- Advising on alternative investment vehicles
- Providing research on special projects
- Providing economic forecasts
- Providing or assisting in manager searches, selections and terminations
- Performing quarterly performance analysis, by portfolio, asset class and fund
- Performing asset and liability analyses
- Performing external management fee analysis
- Consultant attendance at quarterly Investment Committee meetings
- Be available to meet with staff as needed, either in person or via conference call

# **Halifax Health Investment Committee Charter**

**Approved by Audit and Finance Committee: April 25, 2011**

**Approved by Board of Commissioners: May 2, 2011**

**Revised: August 12, 2013, A&F; November 25, 2013, Board December 2, 2013**

## **Purpose**

The Halifax Hospital Medical Center (Halifax Health) Investment Committee is responsible for assisting the Board of Commissioners (Board) in fulfilling its oversight responsibilities relative to Halifax Health's investment accounts. The Investment Policy Statements approved by the Board:

- Prescribe specific investment objectives;
- Define the targeted asset mix and other investment guidelines and constraints;
- Establish performance benchmarks for measuring manager(s) performance; and
- Outline the duties and responsibilities of the investment manager(s).

The Investment Committee is a subcommittee of the Audit and Finance Committee and makes recommendations to maintain compliance with the Investment Policy Statements. The Audit and Finance Committee is a subcommittee of the Board and is responsible for recommending to the Board financial policies, goals, and budgets that support the mission, values and strategic goals of the organization.

The Investment Committee's scope of work includes all entities within Halifax Health and all entities for which Halifax Health has a fiduciary responsibility.

## **Responsibilities**

In fulfilling its charge, the Investment Committee is responsible for the following activities and functions:

- Develop Asset Allocation strategies in accordance with the investment guidelines established in the Investment Policy Statements.
- Review and monitor the Asset Allocation strategies, as least annually, to ensure relevance to changing market conditions, spending needs, time horizon and investment objectives.
- Maintain compliance with the Investment Policy Statements.
- Recommend rebalancing of asset classes consistent with the Investment Policy Statements.
- Evaluate and recommend Investment Managers as necessary.
- Assign the relevant benchmarks for measuring manager(s) performance in the appropriate asset classes.
- Review investment manager(s) performance at least quarterly.
- Monitor overall investment performance on a quarterly basis.
- Recommend policy changes to the Finance Committee.

## **Composition**

The Investment Committee will consist of a minimum of five (5) members, one of whom shall be a member of the Board and designated by the Chair of the Board as its representative member. The remaining members shall be residents of the District who have been recommended by the Audit and Finance Committee and are appointed by the Board or the Chair of the Board at a duly held meeting. The Investment Committee Chair will be selected by the Board or the Chair of the Board and approved by the Board of Commissioners.

## **Meeting Schedule**

The Investment Committee will meet quarterly with additional meetings scheduled as needed.

**DRAFT FOR REVIEW**



**HALIFAX HEALTH**

**REQUEST FOR PROPOSAL  
INVESTMENT ADVISORY SERVICES**

**November 20, 2018**

## I. HALIFAX HEALTH ORGANIZATION AND BACKGROUND

### A. Organization and Accounts

The current enabling act of Halifax Hospital Medical Center, d/b/a Halifax Health, was passed by a special act of the Florida Legislature as Chapter 2003-374, Laws of Florida (the "Act"), which codified all prior laws that established Halifax Health as a special taxing district, a public body corporate and politic of the State of Florida. Halifax Health was originally created in 1925 under the name Halifax Hospital District by Chapter 112, 72, Laws of Florida, 1925. Halifax Health's Board of Commissioners ("Board") is empowered to levy ad valorem taxes for operating expenses, capital outlays, and other purposes. Pursuant to the Act, Halifax Health has all the powers of a body corporate, including, but not limited to, the power to establish, construct, operate, and maintain such hospitals, medical facilities, and healthcare facilities and services for the preservation of the public health, for the public good, and for the use of the public; the power to enter into contracts; borrow money; establish for-profit, and not-for-profit corporations; the power to acquire, purchase, hold, lease, and convey real and personal property; and the power of eminent domain. Halifax Health's geographic territory is primarily Volusia County and Flagler County, Florida.

Halifax Health operates three inpatient hospital facilities under one license, several outpatient centers, and hospice and home health services throughout the community. The main campus of Halifax Health, located in Daytona Beach, is the inpatient referral center which includes a Level II neonatal intensive care center and a Level II state-certified trauma center, offering open-heart surgery, neurosurgery, inpatient rehabilitation and other specialty inpatient and outpatient services. The Port Orange campus, located 10 miles south of the main campus, is a community hospital providing a broad range of services to the residents of Port Orange and southeast Volusia County. The Halifax Behavioral Services campus, two miles north of the main campus, provides inpatient and outpatient child, adolescent, and adult psychiatric services. Halifax Health is licensed by the Agency for Health Care Administration to operate with 678 beds and 33 bassinets. Halifax Health has established several not-for-profit corporations to assist in carrying out its purpose to provide healthcare and related services. One such entity is Halifax Staffing, Inc. (Staffing), which employs the executives, administration and staff who provide services at our facilities. Staffing is also the Administrator of the Halifax Pension Plan, a defined benefit pension plan.

Halifax Health has determined that it is appropriate at this time to solicit proposals for its investment advisory services to ensure the continued prudent management of invested assets. The Halifax Health entities which have investment holdings applicable to this request for proposal are as follows:

Halifax Hospital Medical Center  
HH Holdings, Inc.  
Halifax Health Hospice, Inc.  
Halifax Medical Center Foundation, Inc.  
Halifax Management System, Inc.  
Halifax Pension Plan

Specifically excluded are the investments of all employee contributory retirement plans sponsored by Staffing.

The Board and Halifax Health management currently utilize the services of one advisory firm to provide customary services related to performance monitoring, manager and fund selection and evaluation, performance attribution, investment policy drafting and review, asset allocation and other services for its



investments. Quarterly and monthly reports are reviewed with the Investment and Finance Committees and provided to the Board for their bimonthly meetings.

Included in Attachment B are the separate investment policies of Halifax Health.

#### **B. Florida Sunshine Act and Public Records Law**

Proposer understands that Halifax Health is a political subdivision of the State of Florida, and as such, is subject to Florida Statute 119, commonly known as the "Public Records Law." Proposer understands that any materials it submits in connection with this RFP will be subject to that law.

Halifax Health will notify Proposer of any instance in which the disclosure or copies of Proposer's confidential information is requested by any party to be disclosed under Florida Statute Chapter 119. If Proposer wishes Halifax Health to deny the request for disclosure or copies, Proposer must reply to Halifax Health as soon as reasonably possible, but in no event later than the time required for Halifax Health to comply with the requirements of Florida Statute Chapter 119, and subject to a maximum response time of ten business days in any event. Further, Proposer shall advise Halifax Health of the legal basis for claiming the information should be withheld, and the specific section of the Florida Statutes that exempts this material from the mandatory disclosure requirements of Florida Statute Chapter 119.

If Proposer fails to respond as required under this Section, Halifax Health may release the requested documents. If the party requesting the disclosure contests the legal basis for withholding any of the documents Proposer contends should be held as confidential, then Proposer will, at its sole cost, defend its position that the requested documents should not be released. To the extent Halifax Health incurs liability for costs or attorney's fees (including, without limitation, those awarded to the party requesting the disclosure) in connection with such challenge or appeal, Proposer agrees to indemnify and hold harmless Halifax Health for those costs and fees.

If an agreement is reached with Proposer, Proposer will agree that the pricing and other compensation payable to Proposer under the final Agreement are not confidential, and may be disclosed pursuant to Florida Statute 119.

#### **C. Public Entity Crimes**

A person or affiliate, as defined in Section 287.133 of the Florida Statutes, who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.01 of the Florida Statutes Category Two, for a period of 36 months from the date of being placed on the convicted vendor list.

#### **D. Code of Ethics**

With respect to this proposal, if any proposing firm violates or is a party to a violation of Florida Statutes Chapter 112, Part III, Code of Ethics for Public Officers and Employees, such company may be disqualified from performing the work described in this request for proposal or from furnishing the goods or services

for which the proposal is submitted and shall be further disqualified from submitting any future proposals for work or for goods or services for Halifax Health.

**E. Equal Employment Opportunity**

Halifax Health, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 and the Regulations of the Department of Commerce (15 CFR, Part 8) issued pursuant to such Act, hereby notifies all prospective proposing firms that they will affirmatively ensure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to participate in response to this advertisement and will not be discriminated against on the grounds of race, color, creed, sex, age or national origin in consideration for an award.

**F. Americans with Disabilities Act**

Halifax Health does not discriminate upon the basis of any individual's disability status. This nondiscrimination policy involves every aspect of Halifax Health including one's access to, participation, employment, or treatment in its programs or activities. Anyone requiring reasonable accommodation for the meetings specified herein should contact Kent Bailey, Director of Finance, at least twenty-four (24) hours in advance of the activity.

**G. Excluded Provider**

Proposer shall represent and warrant that Proposer and any of its employees and subcontractors are not and at no time have been excluded from participation in any federally funded health care program or any other federally funded program or federal contract, including Medicare and Medicaid, and that neither it nor any affiliate is currently on the convicted vendor list or discriminatory vendor list maintained pursuant to Chapter 287.133 or Chapter 287.134 of the Florida Statutes. Proposer hereby agrees to promptly notify Halifax Health of any threatened, proposed, or actual exclusion of said individuals from any federally funded health care program or any other federally funded program or federal contract, including Medicare and Medicaid or listing on the convicted vendor list or discriminatory vendor list maintained pursuant to Chapter 287.133 or Chapter 287.134 of the Florida Statutes. Halifax Health has the right to immediately terminate any Agreement entered into between the parties as a result of this RFP upon notice that Proposer is debarred or excluded from participating in federal health care programs or listing on the convicted vendor list or discriminatory vendor list maintained pursuant to Chapter 287.133 or Chapter 287.134 of the Florida Statutes.

**H. Investments as of September 30, 2018 are as follows:**

SEE ATTACHMENT C FOR HALIFAX HEALTH INVESTMENT PORTFOLIO

**I. RFP Intent**

The intent of this RFP is to partner with a company that can offer the highest quality and greatest diversity of investment advisory services at the lowest overall cost to Halifax Health while providing the best customer service. Halifax Health will make every effort to administer the proposal process in accordance with the terms and dates outlined in this RFP; however, Halifax Health reserves the right to modify the activities, timeline, or any other aspect of the process at any time and as deemed necessary by Halifax Health staff. By requesting proposals, Halifax Health is in no way obligated to award a contract or pay the expenses of proposing companies in connection with the preparation or submission of a proposal. The

awarding of a contract shall be contingent on the availability of funds and the requisite management and Board approvals. The decision to award any contract to a particular firm will be based on many factors to include, but not limited to products and services available, service levels, overall cost, quality of references, etc. No single factor will determine the final award decision.

## II. RESPONDING PROPOSAL GUIDELINES

### A. Format

A successful proposal shall:

1. Follow the sequential order shown in this RFP.
2. Clearly identify any requirements that cannot be satisfied.
3. Include any additional relevant information that was not specifically requested.
4. Be submitted on 8-1/2" x 11" paper, typed on one side only, with numbered pages, normal margins and spacing. All document packages must be bound by 3-ring binder. Original should be noted as original and additional copies should be individually bound. One (1) one-sided original and five (5) copies (a total of 6) of the complete proposal should be sent to **Kent Bailey, Halifax Health-Corporate Finance 303 N. Clyde Morris Blvd. Daytona Beach, FL 32114**. One (1) electronic copy should be sent to [Kent.Bailey@halifax.org](mailto:Kent.Bailey@halifax.org). Responses must be received by the proposal due date and time as stated in the Timeline.

The submission of a proposal means that the proposer has read and agrees to comply with the contents of this RFP.

### B. Timeline

Distribution of the Request for Proposal (RFP):	November 20, 2018
Deadline to return the Acknowledgement Form:	December 3, 2018
Questions from potential providers due:	December 14, 2108
Response to questions provided:	December 21, 2018
Closing date for receipt of proposals:	January 14, 2018, NOON
Finalists notified:	January 28, 2019
Finalist presentations (tentative):	March 11, 2019
Notification of award:	March 15, 2019

All questions, clarifications or comments must be in writing and must be received by Halifax Health no later than December 14, 2018. Such requests may be e-mailed to [Kent.Bailey@halifax.org](mailto:Kent.Bailey@halifax.org).

### C. Scope of Services

- Advising the staff/Investment Committee on investment guidelines and policies, including the development of new guidelines and policies and the amendment thereto, and reviewing to ensure compliance is maintained with Investment Policy Statements
- Advising on investment management analysis, including tracking of performance achieved in variance from the investment manager's contractual mandates

- Manager oversight, including periodic review and interviews of managers
- Advising on strategic and tactical investment issues, including rebalancing of asset classes consistent with the Investment Policy Statements
- Advising on asset allocation
- Advising on performance measurement and assignment of relevant benchmarks in the appropriate asset classes
- Advising on alternative investment vehicles
- Providing research on special projects
- Providing economic forecasts
- Providing or assisting in manager searches, selections and terminations
- Performing quarterly performance analysis, by portfolio, asset class and fund
- Performing asset and liability analyses
- Performing external management fee analysis
- Consultant attendance at quarterly Investment Committee meetings
- Be available to meet with staff as needed, either in person or via conference call

#### **D. Acknowledgment Form**

Please complete the Acknowledgment Form, Attachment A, to confirm or decline your intention to respond to the RFP.

### **III. PROPOSAL QUESTIONS/RESPONSES**

#### **A. Organization and Background**

1. Briefly describe the firm, the year it was founded, location of its headquarters and other offices, ownership structure, and affiliation with other companies.
2. Describe the ownership structure of the firm with specific detail regarding the percentage owned by current active employees, retired employees, parent company, affiliates, etc.
3. Please describe the entire range of consulting services the firm provides to clients. Indicate which services are the firm's specialties or areas of greater expertise.
4. Briefly outline future plans for the consulting business including growth of the business, number of consultants and areas of specialization. If any near term changes are anticipated, include details.
5. Disclose all conflicts of interest the firm has in serving as an investment consultant (e.g., relationships with custodians, investment managers, brokerage firms, etc.). Describe any revenue coming from sources other than consulting.
6. Has any officer or principal of the organization been involved in litigation relating to consulting activities, or have they otherwise been involved in a SEC or regulatory investigation or litigation? If yes, provide a brief summary and indicate the current status of the proceedings.
7. Does your firm have a written code of conduct and/or ethics? How is it monitored and enforced? How many individuals hold a CFA Charter or are CFA candidates? Have any staff members had their CFA Charter suspended or revoked?

8. Will your firm serve in a fiduciary capacity over the investment assets of Halifax Health and employee retirement savings plan assets? If not, please explain.
9. Does the firm carry professional liability insurance and if so, describe the nature of the coverage and the dollar amount?

**B. Staffing**

1. Provide an organizational chart that includes all individuals employed in the consulting group. Specifically identify consultants, professional staff, and administrative staff along with their credentials (e.g., CFA).
2. Provide the following information on the key personnel to be assigned to Halifax Health: name; title; total years of institutional investment experience; total years of institutional investment consulting experience; total years with the firm; educational qualifications.
3. What is the firm's client-to-consultant ratio?
4. Give a brief description of the firm's compensation arrangements for consulting staff including any incentive compensation plans. Are there any other incentive arrangements employed to help retain key professionals?
5. Please provide a discussion of turnover levels, and senior level professionals that have left the firm in the past three years.

**C. Idea Generation/Portfolio Structure/Asset Allocation Modeling**

1. Are there common beliefs about the investment markets which underpin the firm's investment advice across all clients? If yes, please describe.
2. Describe the firm's approach in generating new ideas for client portfolios. Are portfolio recommendations consistent across the firm or do they differ by consultant? How are ideas developed?
3. Provide the firm's philosophy on risk. How does the firm define risk (i.e., standard deviation, tracking error, value-at-risk, etc.)? Does the firm utilize the concept of a "risk budget"? If used, please describe how a risk budget is developed for a client's portfolio.
4. Comment on the firm's philosophy and any portfolio structure preferences in the following areas:
  - Active versus passive management.
  - Capitalization (e.g., overweight to small/mid).
  - Style (growth tilt, value tilt, or neutral).
  - Quantitative versus fundamental.
  - Direct versus fund of funds managers for alternative investments.
  - Weightings to domestic versus international versus global mandates.
5. How do you handle differences of opinion with client's staff or Investment Committee regarding investment recommendations?

6. Discuss the methodology used for asset allocation modeling. Describe how the client's long-term financial projections and/or actuarial reports are incorporated into the asset allocation model. How does the firm develop capital market assumptions and how often are they revised? Does the firm have the ability to model actual investment manager portfolios as opposed to using indices?
7. Describe the experience the firm has with alternative investments (e.g., venture capital, private equity, real estate, hedge funds, etc.). Does the firm have alternative investment specialists? Are sub-advisors used and if so, please describe their role. Describe the firm's experience with direct investments and "fund of funds" managers?
8. Outline the firm's approach to the development and monitoring of a client's investment policy.

**D. Manager Search**

1. How many individuals are dedicated to manager research within your firm and what is their industry experience and tenure with the firm? Describe their role in the manager search process. Are the manager research staff generalists or do they specialize by asset class? Is the manager research staff compensated by the performance of the investment managers they recommend? If not, please describe the compensation structure.
2. Provide an overview of the manager search process for identifying, evaluating and selecting potential investment managers for a specific client. Describe any biases the evaluation may produce. How many manager searches did the firm perform in 2017 by asset class (fixed income, domestic and international equity and alternative asset classes)?
3. Describe the database utilized to monitor and evaluate investment managers' performance for the purpose of manager selection. Is it proprietary or third-party? If third party, who is the vendor? Does the firm receive any direct or indirect compensation from managers to be included in the database? How **many managers** are included in the database? How frequently is the investment manager information updated and what characteristics are tracked?
4. What are the key factors that the firm relies on in assessing manager skill?
5. How do you rate/rank investment managers? What are key criteria to be considered a highly rated firm?
6. Describe the manager due diligence process. What tools are used to assess manager capabilities? How often does the staff meet with investment managers both in-house and onsite? Are research notes provided to clients as a result of on-going manager due diligence?
7. How does the firm monitor emerging managers (those with less than 3-year performance record)? Will the firm recommend these managers to clients?
8. List the top five equity and fixed income managers with whom the firm has placed the most clients and assets.

**E. Manager Monitoring**

1. Describe the firm's ongoing quantitative and qualitative monitoring of investment managers.

2. Describe the process for when the firm recommends that an investment manager is terminated.
3. Describe your firm's involvement in preparing and monitoring investment manager guidelines.

**F. Performance Measurement**

1. Does the firm calculate performance measurement internally or use an outside vendor? If the firm uses an outside vendor, please identify the vendor used.
2. Describe the methods and sources of data used for analyzing the performance of investment managers and the portfolio. Specifically, include the monitoring of performance, risk, style integrity, manager guideline compliance, account restrictions, etc. Is a reconciliation prepared to ensure that the results of the investment manager matches the custodian's records?
3. How many business days after the end of a reporting period are monthly and quarterly performance reports available? Can the reports be customized? Can the reports be accessed online?
4. Do the quarterly reports provide an executive summary which makes specific recommendations for issues that should be investigated or discussed?
5. How is the performance for alternative investments calculated? Are multiple indicators tracked such as public market equivalent, IRR, etc.?

**G. Research**

1. Describe the internal structure and organization of the firm's research department. If no separate department exists, describe how this function is performed.
2. Are external resources used in the research process? How does your firm monitor and report on market trends?
3. Please describe in detail the type and frequency of research that is available to clients.
4. What educational opportunities are available to clients and investment committees?

**H. Defined Benefit Pension Plans**

1. Describe the firm's experience with defined benefit pension plans.
2. Will the proposed lead consultant serve in an advisory capacity for these plans or will other individuals within the firm be involved?
3. Please describe the firm's capabilities for asset/liability modeling and liability driven investment (LDI) for defined benefit plans.

**I. Risk Management**

1. Describe the firm's ability to identify, measure and report on various risk components in an investment portfolio.
2. Provide examples of reports or on-line screen shots that are presented to clients that showcase your risk management capabilities.
3. Does the firm have experience in Enterprise Risk Management which provides a broader view of a client's overall organizational risk?

**J. Other**

1. What technological capabilities does the firm have to add value and efficiencies to the investment consulting and monitoring process? What software systems are in active use or are expected to be acquired within the next 6 months? Does the firm have a manager content database? Does the firm have a web site? If so, what information is available to clients and what is the web site address?
2. What sets your firm apart from competitors? Are there services available to Halifax Health not described earlier in this Request for Proposal?

**K. Clients/References**

1. Provide the name, asset size and key contacts of the firm's healthcare clients.
2. Describe the firm's experience in working with healthcare systems. Provide specific examples of work performed that displays knowledge and experience in working with such entities.
3. Attach a list of three references, including at least one multi-institutional healthcare client, if available. Provide the contact name, address and telephone number. Indicate the length of time the firm has provided investment services to the client and the extent of those services. Provide a synopsis and approximate size of the funds (e.g., pension, operating, foundation).
4. Provide a description of accounts lost in the last three years with a brief explanation as to why the relationship was terminated. Please also provide a list of clients gained in the last three years.

**L. Fee Proposal**

1. Provide a fee proposal for full service retainer investment consulting for the next five years, including a list of all services that would be included in a full retainer fee. At a minimum, the following list of services should be included: compliance monitoring, transition management execution, master trust / custodian searches and manager searches. What types of services would result in additional fees? Please supply fee quotes for any additional services not outlined. Are you willing to consider either a flat dollar or asset base fee? If so, please provide your fee quote both ways.
2. Include a breakout of component fees for asset allocation, manager searches, performance monitoring etc. that you typically charge on a project basis.



**M. ADDITIONAL INFORMATION**

Please provide the following sample reports and any other relevant reports as exhibits to the Proposal:

1. Quarterly and monthly performance reports including an executive summary, if applicable
2. Manager search/research examples, for both traditional and alternative asset classes
3. Asset allocation modeling for hospital operating assets and defined benefit plan
4. Capital market assumptions
5. A copy of the firm's most recent SEC Form ADV (all parts)

DRAFT

## Attachment A

### ACKNOWLEDGEMENT FORM

This form acknowledges receipt of this RFP and states whether the Proposer intends to submit or not submit a proposal.

**RETURN THIS FORM VIA EMAIL to [Kent.Bailey@halifax.org](mailto:Kent.Bailey@halifax.org) by December 3, 2018.**

*Proposer Name:* \_\_\_\_\_

*Address:* \_\_\_\_\_

*City, State, Zip:* \_\_\_\_\_

*Telephone:* \_\_\_\_\_ *Cell:* \_\_\_\_\_

*E-mail:* \_\_\_\_\_

*Website:* \_\_\_\_\_

*Principal:* \_\_\_\_\_ *Title:* \_\_\_\_\_

*Authorized Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Date:* \_\_\_\_\_

*(Check one of the following)*

\_\_\_\_\_ *Intend to submit a proposal*

\_\_\_\_\_ *Do not intend to submit a proposal*

***Please indicate your reasons for declining to submit a proposal:*** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

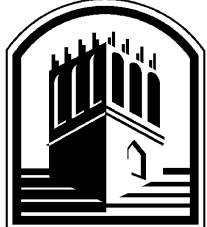
**Closing date for receipt of proposals is January 14, 2019 at 12:00 PM EST**

## **Attachment B**

### **INVESTMENT POLICIES**

- 1. Halifax Hospital Medical Center**
- 2. HH Holdings, Inc.**
- 3. Halifax Medical Center Foundation**
- 4. Halifax Health Hospice, Inc.**
- 5. Halifax Pension Plan**

POLICY STATEMENT

	POLICY TITLE Halifax Hospital Medical Center Investment Policy	EFFECTIVE DATE	Page 1 of 9
		REVISION DATE March 5, 2012	DISTRIBUTION All Depts.
	CLASSIFICATION Finance	APPROVED BY Board of Commissioners	DATE 08/12/2009

I. INTRODUCTION

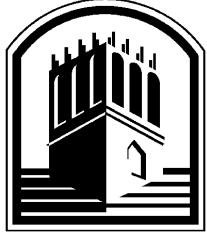
The investment objective is preservation of capital, income, liquidity and control of risk. This Investment Policy Statement outlines the investment objectives and monitoring procedures of Halifax Hospital Medical Center (HHMC), in accordance with the investment guidelines established by the Board of Commissioners of HHMC (the “Board”) and Florida Statutes.

The statement of investment policies is both a guide to the trustee(s) and the investment manager(s); as well as a yardstick by which the Board will measure its progress towards its objectives. The Board retains the ultimate responsibility for overseeing the investment of funds but may assign certain tasks in respect to that responsibility to the Finance Committee or other appropriate body. As such, the statement of investment policies and objectives will:

- prescribe specific investment objectives;
- define the targeted asset mix and other investment guidelines and constraints;
- establish performance benchmarks for measuring manager(s) performance; and
- outline the duties and responsibilities of the investment manager(s) and Board.

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II. SCOPE

The assets covered by this Investment Policy Statement include those of HHMC and any HHMC affiliate that has not adopted its own policy. The funds included are:

- A. General Operating Funds in excess of 30 days cash on hand,
- B. Funded Depreciation / Other Board Designated Funds,
- C. Restricted Funds,
- D. Endowment Funds,
- E. Construction Funds,
- F. Debt Service Reserve Funds,
- G. Sinking Funds, and
- H. Self-Insurance Trust Funds.


III. TIME HORIZON

The time horizon of the asset mix shall be determined by the fund type as outlined in the Permitted Investment section of this policy. The various time horizons noted are defined as follows:

- Short – zero to five years
- Medium – six to fifteen years
- Long – greater than fifteen years

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IV. ASSET ALLOCATION & BENCHMARK

The asset allocation strategy has been formulated to reflect the Investment Committee's risk tolerance. Investments will be limited to the investments listed in the permitted investment section of this document.

If investment obligations with a call feature are acquired, the discount thereon, (if any), should be amortized through the call date rather than the maturity date.

The asset allocation strategy will be reviewed at least annually by the Investment Committee to ensure its relevance to changing capital market conditions, spending needs, time horizon and/or tolerance for risk. The asset mix will be reviewed at least quarterly. When deemed appropriate, the asset mix will be rebalanced within a reasonably practicable period of time.


V. INVESTMENT GUIDELINES

Diversification

It is the policy of the Board to diversify its investment portfolios. Assets held shall be diversified to control the risk of loss resulting from an over concentration of assets in a specific instrument and/or class of instruments, and dealers through whom these instruments are bought and sold.

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Permitted Investments

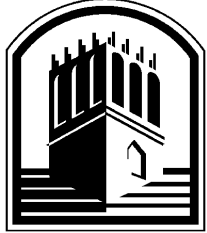
Permitted investments, time horizon, and maturity restrictions by fund type are presented below.

Investment (See Footnotes)	Maximum Percentage of Portfolio <sup>1</sup>	A. General Operating	B. Depr./Other Board Designated	C. Restricted	D. Endowment	E. Construction	F. Debt Service Reserve	G. Sinking	H. Self-insurance Trust
<i>Time Horizon:</i>		Short	Medium	Medium	Long	Short	Medium	Short	Medium
<i>Benchmark:</i>		1 Yr. CD	Barclays Govt. Intermediate Bond Index	Barclays Govt. Intermediate Bond Index	Barclays Govt./Corp. Bond Index	Barclays 1 – 5 Yr. Govt. Bond Index	Barclays Govt. Intermediate Bond Index	1 Yr. CD	Barclays 1 – 5 Yr. Govt. Bond Index
<i>Permitted investments and maximum maturity:</i>									
Direct U.S. Treasury Oblig.	100%	1 year	10 years	10 years	30 years	3 years	10 years	1 year	7 years
Fed. Farm Credit Bank Obligations	75%	1 year	10 years	10 years	30 years	3 years	10 years	1 year	7 years
Federal Home Loan Bank Obligations	75%	1 year	10 years	10 years	30 years	3 years	10 years	1 year	7 years
Fed. Home Loan Mortgage Corp. Obligations	75%	1 year	10 years	10 years	30 years	3 years	10 years	1 year	7 years
Other Federal Agency Obligations	75%	1 year	10 years	10 years	30 years	3 years	10 years	1 year	7 years
Repurchase Agreement	100%	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Fed. Insured CD's	75%	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
Secured CD's	75%	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
<i>For Investments:</i>									
Repurchase Agreements <sup>2</sup>	100%	NA	NA	NA	NA	4 years	30 years	NA	NA

<sup>1</sup> Donated real and personal property is to be excluded from the portfolio for calculation of maximum percentage.

<sup>2</sup> Collateral maximum maturity is 30 years.

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Permitted Investments (Continued)

Time Deposits shall be purchased only from financial institutions which qualify under Florida Law. Other securities shall be purchased only through financial institutions which provide the services of a securities dealer, or through the "primary government securities dealers", as designated by the Federal Reserve Bank, and AAA rated insurance companies.

Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.


Repurchase agreements shall be executed only with the "primary securities dealers" (as designated by the Federal Reserve Bank) and financial institutions by means of a Master Repurchase Agreement. All repurchase agreements that are construction or debt service funds shall be collateralized in such a manner as to comply with all applicable bond covenants of HHMC. Any other agreements shall be collateralized according to Direct U.S. Treasury or Federal Agency obligations valued at 102% of investment, delivered to the safe keeping account(s). Securities shall be only those of authorized issuers of the various security types.

Third Party Agreement

All securities purchased under this policy shall be properly designated as an asset of and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by any two persons so authorized by the Board. The Finance Committee shall recommend custodial banks or institutions for approval and/or removal to the Board.




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Investment Controls

Delivery: All negotiable securities will be purchased and/or sold on a "delivery versus payment" basis through the hospital's safekeeping account. Written confirmations, safekeeping reports and any third party reports will be verified against the accounting records.

Other: The Board will establish and maintain any other investment controls deemed appropriate to insure the safety of funds.

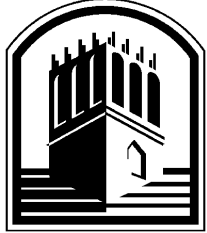
VI. PERFORMANCE STANDARDS

Performance of the portfolio shall be reported monthly by the Investment Manager to the Chief Financial Officer. Investment performance will be monitored quarterly and manager performance will be evaluated at least annually. Performance goals are expressed as total rates of return, recognizing both realized and unrealized gains and losses. Reports shall include details of the characteristics of the portfolio as well as its performance for that period.

Material changes in the portfolio that result in deviations from the investment policies shall be reported to the Chief Executive Officer and the Finance Committee of HHMC by the Chief Financial Officer. Annually, the Investment Committee shall review the asset performance for all funds, including any donated, real and personal property assets.

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VII. DUTIES & RESPONSIBILITIES

Board Responsibilities:

The Board of Commissioners responsibilities include:

- authority for investing funds of HHMC rests with the Board of Commissioners ("The Board");
- establish a Finance Committee to review and recommend policy changes to the Board; and
- establish an investment committee. Members of the Investment Committee shall have no active interest in the investments of the funds. The committee membership shall reflect a diversity of financial disciplines covering the types of instruments in which HHMC and its affiliates may invest.

Committee Responsibilities:

The Finance Committee responsibilities include:

- recommend this policy and any changes thereto, to the Board; and
- participate in an annual performance review of this policy as it applies to HHMC.

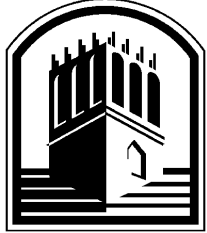
The Investment Committee responsibilities include:

- review overall investment performance on an interim basis;
- review investment manager performance at least annually; and
- recommend policy changes to the Finance Committee.

Chief Financial Officer Responsibilities:

Direct responsibility for coordination of investment management in accordance with this policy rests with the Chief Financial Officer.

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Investment Manager(s) Responsibilities:


An independent professional investment management firm(s), hereinafter the "Investment Manager" is required to manage the investment of all funds listed above. Such firm(s) shall be selected by the Board. Investment Manager(s) shall accept full fiduciary responsibility for the accounts they manage.

Exceptions to the Policy may be permitted on a case by case basis as determined by the Chief Financial Officer. However, funds not invested by the professional manager(s) shall be explained in writing by the Chief Financial Officer, submitted to the Finance Committee on a quarterly basis, and reviewed as part of the Investment Committee activities.

The investment managers' responsibilities include:

- provide a quarterly portfolio performance review with annual, or more frequent, on-site presentations;
- present, upon request, of the manager's outlook , what investment decisions this outlook may trigger, and how these decisions could impact future results;
- recommend changes in the objectives, goals, or standards, based upon material and sustained changes in the capital markets;
- review and re-appraise, upon request, of the aforementioned investment program;
- comment, upon request, on investment results in light of the appropriate standards of performance;
- furnish a synopsis of key investment decisions made by the manager(s) with the underlying rationale and how those decisions could impact future results; and
- provide monthly portfolio updates including portfolio valuations and transaction ledgers including purchase and sale information.

POLICY STATEMENT

	POLICY TITLE HH Holdings Investment Policy	EFFECTIVE DATE	Page 1 of 7
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I. INTRODUCTION

This Investment Policy Statement outlines the investment objectives and monitoring procedures of HH Holdings. Keeping pace with inflation, generating current income and maintaining the safety of principal in accordance with the investment guidelines established by the Board of Directors (the "Board") of HH Holdings, Inc. are the primary objectives of the policy.

The statement of investment policies is both a guide to the trustee(s) and the investment manager(s); as well as a yardstick by which the Board will measure its progress towards its objectives. The Board retains the ultimate responsibility for overseeing the investment of funds but may assign certain tasks in respect to that responsibility to the Finance Committee or other appropriate body. As such, the statement of investment policies and objectives will:


- prescribe specific investment objectives;
- define the targeted asset mix and other investment guidelines and constraints;
- establish performance benchmarks for measuring manager(s) performance; and
- outline the duties and responsibilities of the investment manager(s) and Board.

II. TIME HORIZON

The time horizon of the asset mix shall be medium-term to maintain sufficient liquidity that may be required over a six-to-fifteen year timeframe while keeping pace with inflation and providing current income.

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III. ASSET ALLOCATION & BENCHMARK


The asset allocation strategy has been formulated to reflect the Investment Committee's risk tolerance. The strategy is based on a fully diversified portfolio containing an asset mix comprised of classes with a low correlation to each other. Diversification in this manner allows for lower portfolio Standard Deviation (risk) while maximizing portfolio total return.

HH Holdings is a member of the HHMC Obligated Group. Accordingly, there are two asset allocations. Assets will be split based on the System Cash and Asset Allocation policy. The asset allocations for both funds are listed below.

**Asset Allocation Strategy**

<u>Investment</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Maturity</u>		<u>Benchmark</u>
		<u>Base Funds</u>	<u>Excess Funds</u>	
Corporate Bonds	50%	10 years	30 years	Barclays Aggregate Bond Index
Direct U.S. Treasury Obligations	100%	10 years	30 years	Barclays Gov't./Corp Bond Index
Fed. Farm Credit Bank Obligations	75%	10 years	30 years	Barclays Gov't./Corp Bond Index
Federal Home Loan Bank Obligations	75%	10 years	30 years	Barclays Gov't./Corp Bond Index
Fed. Home Loan Mortgage Corp. Obligations	75%	10 years	30 years	Barclays Gov't./Corp Bond Index
Other Federal Agency Obligations	75%	10 years	30 years	Barclays Gov't./Corp Bond Index
Repurchase Agreements	100%	6 months	6 months	Barclays Gov't./Corp Bond Index
Fed. Insured CD's	75%	1 year	1 year	1 Yr CD
Secured CD's	75%	1 year	1 year	1 Yr CD
Long-term Gov't Bonds	50%	30 years	30 years	Barclays Long-term Gov't Index
Municipal Bonds	50%	10 years	30 years	Barclays Capital Municipal Bond Index

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III. ASSET ALLOCATION & BENCHMARK (Continued)

The asset allocation strategy will be reviewed at least annually by the Investment Committee to ensure its relevance to changing capital market conditions, spending needs, time horizon and/or tolerance for risk. The asset mix will be reviewed at least quarterly. When deemed appropriate, the asset mix will be rebalanced within a reasonably practicable period of time.

IV. INVESTMENT GUIDELINES

Diversification

No more than 2% of the managers fixed income portfolio at cost at time of purchase shall be invested in any one issue. There shall be no limit on securities of the U.S. Government, its agencies or their instrumentalities.

Quality

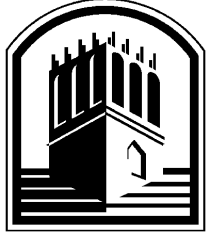
Bonds must have a credit rating of A or higher when purchased. All securities held shall maintain an investment-grade rating. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager's discretion. If the security rating falls below the minimum required rating, the Investment Manager will inform the Investment Committee as to their recommended course of action. If the security is to be held the Investment Manager will, at a minimum, report quarterly any changes in conditions or recommendations.

Maturity

The maturity of the portfolio should be targeted against the effective maturity of the Barclays Gov't./Corp Bond Index. The investment manager may use their discretion to alter the overall maturity of the portfolio plus or minus 1.0 year around their respective maturity target.

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IV. INVESTMENT GUIDELINES (Continued)

Portfolio investments will consist primarily of:

- straight and convertible bonds, notes, bills, money market instruments and other evidences of indebtedness ;
- mortgage-related securities;
- asset-backed securities;
- variable and floating rate securities;
- securities issued by municipalities (both taxable and tax-exempt); and
- the mutual fund of a registered investment advisor may be used and the prospectus will supersede the permissible securities listed above.

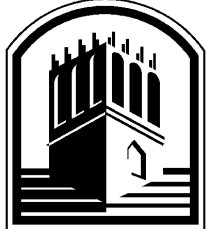
Third Party Agreement

All securities purchased under this policy shall be properly designated as an asset of and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by any two persons so authorized by the Board. The Finance Committee shall recommend custodial banks or institutions for approval and/or removal to the Board.

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V. PERFORMANCE STANDARDS

Performance of the portfolio shall be reported monthly by the Investment Manager to the Chief Financial Officer. Investment performance will be monitored quarterly and manager performance will be evaluated at least annually. Performance goals are expressed as total rates of return, recognizing both realized and unrealized gains and losses. Reports shall include details of the characteristics of the portfolio as well as its performance for that period.

Material changes in the portfolio that result in deviations from the investment policies shall be reported to the Chief Executive Officer and the Finance Committee of HHMC by the Chief Financial Officer. Annually, the Investment Committee shall review the asset performance for all funds, including any donated, real and personal property assets.

VI. DUTIES AND RESPONSIBILITIES

Board Responsibilities:

The Board of Commissioners responsibilities include:

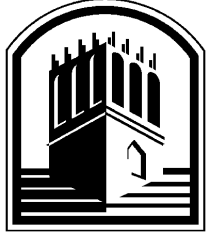
- authority for investing funds of HHMC rests with the Board of Commissioners ("The Board");
- establish a Finance Committee to review and recommend policy changes to the Board; and
- establish an investment committee. Members of the Investment Committee shall have no active interest in the investments of the funds. The committee membership shall reflect a diversity of financial disciplines covering the types of instruments in which HHMC and its affiliates may invest.

Committee Responsibilities:

The Finance Committee responsibilities include:

- recommend this policy and any changes thereto, to the Board; and
- participate in an annual performance review of this policy as it applies to HH Holdings.

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Committee Responsibilities (Continued):

The Investment Committee responsibilities include:

- review overall investment performance on an interim basis;
- review investment manager performance at least annually; and
- recommend policy changes to the Finance Committee.

Chief Financial Officer Responsibilities:

Direct responsibility for coordination of investment management in accordance with this policy rests with the Chief Financial Officer.

Investment Manager(s) Responsibilities:

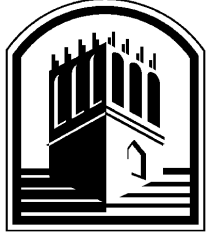
An independent professional investment management firm(s), hereinafter the "Investment Manager" is required to manage the investment of all funds listed above. Such firm(s) shall be selected by the Board. Investment Manager(s) shall accept full fiduciary responsibility for the accounts they manage.

Exceptions to the Policy may be permitted on a case by case basis as determined by the Chief Financial Officer. However, funds not invested by the professional manager(s) shall be explained in writing by the Chief Financial Officer, submitted to the Finance Committee on a quarterly basis, and reviewed as part of the Investment Committee activities.

The investment managers' responsibilities include:

- provide a quarterly portfolio performance review with annual, or more frequent, on-site presentations;
- present, upon request, of the manager's outlook, what investment decisions this outlook may trigger, and how these decisions could impact future results;
- recommend changes in the objectives, goals, or standards, based upon material and sustained changes in the capital markets;


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Investment Manager(s) Responsibilities (Continued):

- review and re-appraise, upon request, of the aforementioned investment program;
- comment, upon request, on investment results in light of the appropriate standards of performance;
- furnish a synopsis of key investment decisions made by the manager(s) with the underlying rationale and how those decisions could impact future results; and
- provide monthly portfolio updates including portfolio valuations and transaction ledgers including purchase and sale information.

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I. INTRODUCTION

This Investment Policy Statement outlines the investment objectives and monitoring procedures of Halifax Health Foundation. The objective of this policy is to maintain a corpus of assets to provide funding for current and future capital projects. Growth, risk adjusted relative performance and keeping pace with inflation are the primary objectives of the plan.

The statement of investment policies is both a guide to the Trustee(s) and the money manager(s); as well as a yardstick by which the Board will measure its progress towards its goal of maintaining and growing the corpus of assets. The Board retains the ultimate responsibility for overseeing the investment of funds but may assign certain tasks in respect to that responsibility to the Finance Committee or other appropriate body. As such, the statement of investment policies and objectives will:

- prescribe specific investment objectives;
- define the targeted asset mix and other investment guidelines and constraints;
- establish performance benchmarks for measuring manager(s) performance; and
- outline the duties and responsibilities of the investment manager(s) and Board.

II. SCOPE

The assets<sup>1</sup> covered by this Investment Policy Statement include the following funds:

- A. Funds in excess of current funded capital projects and Restricted Funds in excess of anticipated expenditures of restricted funds and
- B. Endowment Funds.


III. TIME HORIZON

The time horizon of the asset mix shall be long-term, while maintaining sufficient liquidity to provide for current needs.

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<sup>1</sup> These assets exclude any requisite or anticipated transfers to the Obligated Group as determined by the System Cash and Investment Allocation Policy.

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IV. ASSET ALLOCATION & BENCHMARKS

The asset allocation strategy has been formulated to reflect the Investment Committee's risk tolerance. The strategy is based on a fully diversified portfolio containing an asset mix comprised of classes with a low correlation to each other. Diversification in this manner allows for lower portfolio Standard Deviation (risk) while maximizing portfolio total return.

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IV. ASSET ALLOCATION & BENCHMARKS (Continued)


Permitted investments, benchmarks, maturity restrictions and asset allocations are listed below.

Investment (See Footnotes)		A. Funds in excess of current funded capital projects	B. Endowment
Maximum Maturity		30 years	30 years

	Range	Target Percentage <sup>2</sup>	
<b>Fixed Securities\Benchmarks</b>	<b>30%-50%</b>		
Corporate Bonds\ <i>Barclays Corp Bond Index</i>	0%-45%	15%	20%
Short-term Gov't. Notes/Bills/Money Mkt Accts\ <i>Barclays 1-5 Year Gov't Bond Index</i>	0%-45%	15%	5%
Intermediate-term Gov't Bonds\ <i>Barclays Gov't/Corp Bond Index</i>	0%-45%	5%	5%
Long-term Gov't Bonds\ <i>Barclays Long Term Gov't/Corp Bond Index</i>	0%-45%	5%	10%
<b>Equity Securities\Benchmarks</b>	<b>40%-70%</b>		
Large Cap Value\ <i>Russell 1000 Value</i>	10%-30%	20%	20%
Small Cap Value\ <i>Russell 2000 Value</i>	5%-15%	10%	10%
Large Cap Growth\ <i>Russell 1000 Growth</i>	5%-15%	10%	10%
Small Cap Growth\ <i>Russell 2000 Growth</i>	5%-15%	10%	10%
International Portfolio\ <i>MSCI EAFE Value</i>	0%-15%	5%	5%
Emerging Markets Portfolio\ <i>MSCI EMID</i>	0%-5%	2%	2%
Specialty - Oil, Basic Materials, Energy, Healthcare, etc. \ <i>DJ Healthcare Index, GS Natural Resources Index</i>	0%-11%	3%	3%

<sup>2</sup> Donated real and personal property is to be excluded from the portfolio for calculation of maximum percentage.

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IV. ASSET ALLOCATION & BENCHMARKS (Continued)

The asset allocation strategy will be reviewed at least annually by the Investment Committee to ensure its relevance to changing capital market conditions, spending needs, time horizon and/or tolerance for risk. The asset mix will be reviewed at least quarterly. When deemed appropriate, the asset mix will be rebalanced within a reasonably practicable period of time.

Market conditions may provide opportunities for reduced risk by maintaining an asset allocation strategy slightly different than that reflected above of 40% Fixed Income and 60% Equities. Accordingly, the Chief Financial Officer, with the concurrence of both the Investment Advisor and a designated representative of the Investment Committee, may elect to maintain an asset allocation strategy of up to 10% above or below the asset allocation targets above. The Fixed Income allocation may range from 30% to 50% and the Equities allocation may range from 40% to 70% of the investment portfolio. The investment policy target percentage is an initial reference point for allocation purposes. The target percentage for individual security categories may be adjusted by the Investment Advisor provided that the adjusted target percentage is within the investment policy range.

V. INVESTMENT GUIDELINES


A. Third Party Agreement

All securities purchased under this policy shall be properly designated as an asset of and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by any two persons so authorized by the Board. The Finance Committee shall recommend custodial banks or institutions for approval and/or removal to the Board.

B. Fixed-Income

Diversification

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No more than 2% of the managers fixed income portfolio at cost at time of purchase shall be invested in any one issue. There shall be no limit on securities of the U.S. Government, its agencies or their instrumentalities.

Quality

Corporate bonds must have a credit rating of A or higher when purchased. All securities held shall maintain an investment-grade rating. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager's discretion. If the security rating falls below the minimum required rating, the Investment Manager will inform the Investment Committee as to their recommended course of action. If the security is to be held the Investment Manager will, at a minimum, report quarterly any changes in conditions or recommendations.



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Fixed Income Securities

Portfolio investments will consist primarily of:

- straight and convertible bonds, notes, bills, money market instruments and other evidences of indebtedness ;
- mortgage-related securities;
- asset-backed securities;
- variable and floating rate securities;
- securities issued by municipalities (both taxable and tax-exempt); and
- the mutual fund of a registered investment advisor may be used and the prospectus will supersede the permissible securities listed above.

C. Equities

All equity securities must be registered on a national exchange.

Diversification

No more than 2% of the manager's portfolio at cost, and 5% at market value, shall be invested in any one company.


Quality

Only securities whose quality is generally classified as investment-grade are permissible.

Turnover

There shall be no specific guidelines with regard to portfolio activity. By not restricting turnover, the manager is given the flexibility to adjust the asset mix and security selection to changing market expectations.

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Permissible Universe:

The following are permissible universes:


- common stocks traded on major U.S. exchanges and in the over-the-counter market;
- securities convertible into common stocks;
- mutual funds of U.S. common stocks;
- mutual funds of International Equities; and
- mutual funds of Emerging Market Equities.

Investment Restrictions:

The account will not:

- purchase any security, if as a result, more than 20% of its total assets (valued at the time of purchase) would be invested in a single industry (for purposes of this restriction, the term industry shall have the meaning attributed to it by Standard & Poors Corporation);
- borrow money or pledge its assets;
- buy or sell real estate or interests in real estate, although it may purchase and sell (a) securities which are secured by real estate and (b) securities of companies which invest or deal in real estate;
- engage in the purchase and sale of futures or futures contracts
- purchase securities on margin;
- engage in short sales of securities or maintain a short position, unless at all times when a short position is open the account owns or has the right to obtain at no added cost securities identical to those sold short;

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Investment Restrictions (Continued):

- purchase warrants;
- provide venture capital or invest in the securities of venture capital companies; and
- purchase and write put and call options.


VI. PERFORMANCE STANDARDS

Performance of the portfolio shall be reported monthly by the Investment Manager to the Chief Financial Officer. Investment performance will be monitored quarterly and manager performance will be evaluated at least annually. Performance goals are expressed as total rates of return, recognizing both realized and unrealized gains and losses. Thus there is no incentive to sell a security solely to realize a gain. The decision to realize gains and losses will therefore be made for the purpose of furthering the long term goals and objectives of the plan, and not merely to satisfy short-term performance measures. Reports shall include details of the characteristics of the portfolio as well as its performance for that period.

Material changes in the portfolio that result in deviations from the investment policies shall be reported to the Chief Executive Officer and the Finance Committee of HHMC by the Chief Financial Officer. Annually, the Investment Committee shall review the asset performance for all funds, including any donated, real and personal property assets.

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VII. DUTIES AND RESPONSIBILITIES

Board Responsibilities:

The Board of Directors responsibilities include:

- authority for investing funds of Halifax Health Foundation rests with the Board of Directors ("The Board");
- establish a Finance Committee to review and recommend policy changes to the Board; and
- establish an investment committee. Members of the Investment Committee shall have no active interest in the investments of the funds. The committee membership shall reflect a diversity of financial disciplines covering the types of instruments in which Halifax Health Foundation may invest.

Committee Responsibilities:

The Finance Committee responsibilities include:

- recommend this policy and any changes thereto, to the Board; and
- participate in an annual performance review of this policy as it applies to Halifax Health Foundation.


The Investment Committee responsibilities include:

- review overall investment performance on an interim basis;
- review investment manager performance at least annually; and
- recommend policy changes to the Finance Committee.

Chief Financial Officer Responsibilities:

Direct responsibility for coordination of investment management in accordance with this policy rests with the Chief Financial Officer.

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Investment Manager(s) Responsibilities:


An independent professional investment management firm(s), hereinafter the "Investment Manager" is required to manage the investment of all funds listed above. Such firm(s) shall be selected by the Board. Investment Manager(s) shall accept full fiduciary responsibility for the accounts they manage.

Exceptions to the Policy may be permitted on a case by case basis as determined by the Chief Financial Officer. However, funds not invested by the professional manager(s) shall be explained in writing by the Chief Financial Officer, submitted to the Finance Committee on a quarterly basis, and reviewed as part of the Investment Committee activities.

The investment managers' responsibilities include:

- provide a quarterly portfolio performance review with annual, or more frequent, on-site presentations;
- present, upon request, of the manager's outlook , what investment decisions this outlook may trigger, and how these decisions could impact future results;
- recommend changes in the objectives, goals, or standards, based upon material and sustained changes in the capital markets;
- review and re-appraise, upon request, of the aforementioned investment program;
- comment, upon request, on investment results in light of the appropriate standards of performance;
- furnish a synopsis of key investment decisions made by the manager(s) with the underlying rationale and how those decisions could impact future results; and
- provide monthly portfolio updates including portfolio valuations and transaction ledgers including purchase and sale information.

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I. INTRODUCTION

This Investment Policy Statement outlines the investment objectives and monitoring procedures of Halifax Hospice. The objective of this policy is to maintain a corpus of assets to provide funding for current and future needs. Growth, risk adjusted relative performance and keeping pace with inflation are the primary objectives of the plan.

The statement of investment policies is both a guide to the Trustee(s) and the money manager(s); as well as a yardstick by which the Board will measure its progress towards its goal of maintaining and growing the corpus of assets. The Board retains the ultimate responsibility for overseeing the investment of funds but may assign certain tasks in respect to that responsibility to the Finance Committee or other appropriate body. As such, the statement of investment policies and objectives will:

- prescribe specific investment objectives;
- define the targeted asset mix and other investment guidelines and constraints;
- establish performance benchmarks for measuring manager(s) performance; and
- outline the duties and responsibilities of the investment manager(s) and Board.

II. SCOPE

The assets<sup>1</sup> covered by this Investment Policy Statement include the following funds:


- A. General Operating Funds in excess of 30 days cash on hand and Restricted Funds in excess of anticipated expenditures of restricted funds and
- B. Endowment Funds.

III. TIME HORIZON

The time horizon of the asset mix shall be long-term, while maintaining sufficient liquidity to provide for current needs.

<sup>1</sup> These assets exclude any requisite or anticipated transfers to the Obligated Group as determined by the System Cash and Investment Allocation Policy.

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IV. ASSET ALLOCATION & BENCHMARKS

The asset allocation strategy has been formulated to reflect the Investment Committee's risk tolerance. The strategy is based on a fully diversified portfolio containing an asset mix comprised of classes with a low correlation to each other. Diversification in this manner allows for lower portfolio Standard Deviation (risk) while maximizing portfolio total return.

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IV. ASSET ALLOCATION & BENCHMARKS (Continued)


Permitted investments, benchmarks and maturity restrictions are listed below.

Investment (See Footnotes)		A. General Operating and Restricted Funds	B. Endowment
Maximum Maturity		30 years	30 years
	<b>Range</b>	<b>Target Percentage<sup>2</sup></b>	
<b>Fixed Securities\Benchmarks</b>	<b>30%-50%</b>		
Corporate Bonds \ <i>Barclays Corp Bond Index</i>	0%-45%	10%	15%
Short-term Gov't. Notes/Bills/Money Mkt Accts \ <i>Barclays 1-5 Year Gov't Bond Index</i>	0%-45%	20%	5%
Intermediate-term Gov't Bonds \ <i>Barclays Gov't/Corp Bond Index</i>	0%-45%	5%	10%
Long-term Gov't Bonds \ <i>Barclays Long Term Gov't/Corp Bond Index</i>	0%-45%	5%	10%
<b>Equity Securities\Benchmarks</b>	<b>40-70%</b>		
Large Cap Value \ <i>Russell 1000 Value</i>	10%-30%	20%	20%
Small Cap Value \ <i>Russell 2000 Value</i>	5%-15%	10%	10%
Large Cap Growth \ <i>Russell 1000 Growth</i>	5%-15%	10%	10%
Small Cap Growth \ <i>Russell 2000 Growth</i>	5%-15%	10%	10%
International Portfolio \ <i>MSCI EAFE Value</i>	0%-15%	5%	5%
Emerging Markets Portfolio \ <i>MSCI EMID</i>	0%-5%	2%	2%
Specialty - Oil, Basic Materials, Energy, Healthcare, etc. \ <i>DJ Healthcare Index, GS Natural Resources Index</i>	0%-11%	3%	3%

<sup>2</sup> Donated real and personal property is to be excluded from the portfolio for calculation of maximum percentage.



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IV. ASSET ALLOCATION & BENCHMARKS (Continued)

The asset allocation strategy will be reviewed at least annually by the Investment Committee to ensure its relevance to changing capital market conditions, spending needs, time horizon and/or tolerance for risk. The asset mix will be reviewed at least quarterly. When deemed appropriate, the asset mix will be rebalanced within a reasonably practicable period of time.

Market conditions may provide opportunities for reduced risk by maintaining an asset allocation strategy slightly different than that reflected above of 40% Fixed Income and 60% Equities. Accordingly, the Chief Financial Officer, with the concurrence of both the Investment Advisor and a designated representative of the Investment Committee, may elect to maintain an asset allocation strategy of up to 10% above or below the asset allocation targets above. The Fixed Income allocation may range from 30% to 50% and the Equities allocation may range from 40% to 70% of the investment portfolio. The investment policy target percentage is an initial reference point for allocation purposes. The target percentage for individual security categories may be adjusted by the Investment Advisor provided that the adjusted target percentage is within the investment policy range.

V. INVESTMENT GUIDELINES

A. Third Party Agreement


All securities purchased under this policy shall be properly designated as an asset of and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by any two persons so authorized by the Board. The Finance Committee shall recommend custodial banks or institutions for approval and/or removal to the Board.

B. Fixed-Income

Diversification

No more than 2% of the managers fixed income portfolio at cost at time of

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purchase shall be invested in any one issue. There shall be no limit on securities of the U.S. Government, its agencies or their instrumentalities.

Quality

Corporate bonds must have a credit rating of A or higher when purchased. All securities held shall maintain an investment-grade rating. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager's discretion. If the security rating falls below the minimum required rating, the Investment Manager will inform the Investment Committee as to their recommended course of action. If the security is to be held the Investment Manager will, at a minimum, report quarterly any changes in conditions or recommendations.

Fixed Income Securities

Portfolio investments will consist primarily of:

- straight and convertible bonds, notes, bills, money market instruments and other evidences of indebtedness ;
- mortgage-related securities;
- asset-backed securities;
- variable and floating rate securities;
- securities issued by municipalities (both taxable and tax-exempt); and
- the mutual fund of a registered investment advisor may be used and the prospectus will supersede the permissible securities listed above.


C. Equities

All equity securities must be registered on a national exchange.

Diversification

No more than 2% of the manager's portfolio at cost, and 5% at market value, shall be invested in any one company.

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Quality

Only securities whose quality is generally classified as investment-grade are permissible.

Turnover

There shall be no specific guidelines with regard to portfolio activity. By not restricting turnover, the manager is given the flexibility to adjust the asset mix and security selection to changing market expectations.

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Permissible Universe:

The following are permissible universes:


- common stocks traded on major U.S. exchanges and in the over-the-counter market;
- securities convertible into common stocks;
- mutual funds of U.S. common stocks;
- mutual funds of International Equities; and
- mutual funds of Emerging Market Equities.

Investment Restrictions:

The account will not:

- purchase any security, if as a result, more than 20% of its total assets (valued at the time of purchase) would be invested in a single industry (for purposes of this restriction, the term industry shall have the meaning attributed to it by Standard & Poors Corporation);
- borrow money or pledge its assets;
- buy or sell real estate or interests in real estate, although it may purchase and sell (a) securities which are secured by real estate and (b) securities of companies which invest or deal in real estate;
- engage in the purchase and sale of futures or futures contracts
- purchase securities on margin;
- engage in short sales of securities or maintain a short position, unless at all times when a short position is open the account owns or has the right to obtain at no added cost securities identical to those sold short;

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Investment Restrictions (Continued):

- purchase warrants;
- provide venture capital or invest in the securities of venture capital companies; and
- purchase and write put and call options.


VI. PERFORMANCE STANDARDS

Performance of the portfolio shall be reported monthly by the Investment Manager to the Chief Financial Officer. Investment performance will be monitored quarterly and manager performance will be evaluated at least annually. Performance goals are expressed as total rates of return, recognizing both realized and unrealized gains and losses. Thus there is no incentive to sell a security solely to realize a gain. The decision to realize gains and losses will therefore be made for the purpose of furthering the long term goals and objectives of the plan, and not merely to satisfy short-term performance measures. Reports shall include details of the characteristics of the portfolio as well as its performance for that period.

Material changes in the portfolio that result in deviations from the investment policies shall be reported to the Chief Executive Officer and the Finance Committee of HHMC by the Chief Financial Officer. Annually, the Investment Committee shall review the asset performance for all funds, including any donated, real and personal property assets.

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VII. DUTIES AND RESPONSIBILITIES

Board Responsibilities:

The Board of Directors responsibilities include:

- authority for investing funds of Halifax Hospice rests with the Board of Directors ("The Board");
- establish a Finance Committee to review and recommend policy changes to the Board; and
- establish an investment committee. Members of the Investment Committee shall have no active interest in the investments of the funds. The committee membership shall reflect a diversity of financial disciplines covering the types of instruments in which Halifax Hospice may invest.

Committee Responsibilities:

The Finance Committee responsibilities include:

- recommend this policy and any changes thereto, to the Board; and
- participate in an annual performance review of this policy as it applies to Halifax Hospice.


The Investment Committee responsibilities include:

- review overall investment performance on an interim basis;
- review investment manager performance at least annually; and
- recommend policy changes to the Finance Committee.

Chief Financial Officer Responsibilities:

Direct responsibility for coordination of investment management in accordance with this policy rests with the Chief Financial Officer.

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Investment Manager(s) Responsibilities:


An independent professional investment management firm(s), hereinafter the "Investment Manager" is required to manage the investment of all funds listed above. Such firm(s) shall be selected by the Board. Investment Manager(s) shall accept full fiduciary responsibility for the accounts they manage.

Exceptions to the Policy may be permitted on a case by case basis as determined by the Chief Financial Officer. However, funds not invested by the professional manager(s) shall be explained in writing by the Chief Financial Officer, submitted to the Finance Committee on a quarterly basis, and reviewed as part of the Investment Committee activities.

The investment managers' responsibilities include:

- provide a quarterly portfolio performance review with annual, or more frequent, on-site presentations;
- present, upon request, of the manager's outlook , what investment decisions this outlook may trigger, and how these decisions could impact future results;
- recommend changes in the objectives, goals, or standards, based upon material and sustained changes in the capital markets;
- review and re-appraise, upon request, of the aforementioned investment program;
- comment, upon request, on investment results in light of the appropriate standards of performance;
- furnish a synopsis of key investment decisions made by the manager(s) with the underlying rationale and how those decisions could impact future results; and
- provide monthly portfolio updates including portfolio valuations and transaction ledgers including purchase and sale information.

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I. INTRODUCTION

The broad objective for the operating assets of the Fund is to maintain a corpus of assets to provide funding for current and future pension plan benefits. Growth, risk adjusted relative performance and keeping pace with inflation are the primary objectives of the plan.

The statement of investment policies is both a guide to the Trustee(s) and the money manager(s); as well as a yardstick by which the Board will measure its progress towards its goal of maintaining and growing the corpus of operating assets of the Fund. The Board retains the ultimate responsibility for overseeing the investment of funds but may assign certain tasks in respect to that responsibility to the Finance Committee or other appropriate body. As such, the statement of investment policies and objectives will:

- prescribe specific investment objectives;
- define the targeted asset mix and other investment guidelines and constraints;
- establish performance benchmarks for measuring manager(s) performance; and
- outline the duties and responsibilities of the investment manager(s) and Board.

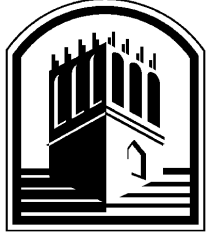
II. TIME HORIZON

The time horizon of the asset mix shall be long-term, while maintaining sufficient liquidity to provide current pension benefits.

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		REVISION DATE March 5, 2012 November 4, 2013 September 14, 2015 December 5, 2016 November 5, 2018	DISTRIBUTION All Depts.
	CLASSIFICATION Finance	APPROVED BY Board of Commissioners	DATE 08/12/2009

III. ASSET ALLOCATION & BENCHMARK


The asset allocation strategy has been formulated to reflect the Investment Committee's risk tolerance. The strategy is based on a fully diversified portfolio containing an asset mix comprised of classes with a low correlation to each other. Diversification in this manner allows for lower portfolio Standard Deviation (risk) while maximizing portfolio total return.

**Asset Allocation Strategy**

Asset Class	Target Percentage	Range	Benchmark
Fixed			
Corporate Bonds	10%	0%-45%	Barclays / Corp Bond Index
Short-term Gov't Notes/Bills/Money Mkt Accts	15%	0%-45%	Barclays 1-5 Year Gov't Bond Index
Intermediate-term Gov't Bonds	15%	0%-45%	Barclays Gov't / Corp Bond Index
<b>Total Fixed</b>	<b>40%</b>	<b>30%-50%</b>	
Equities			
Large Cap Growth	6%	4%-10%	Russell 1000 Growth
Large Cap Value	10%	7%-13%	Russell 10000 Value
Small Cap Growth	6%	4%-8%	Russell 2000 Growth
Small Cap Value	10%	7%-13%	Russell 2000 Value
International Value	15%	11%-19%	MSCI EAFE Value
Emerging Markets	5%	0%-7%	MSCI EMID
Specialty - Oil, Basic Materials, Energy, Healthcare, etc.	8%	0%-11%	DJ Healthcare Index, GS Natural Resources Index
<b>Total Equities</b>	<b>60%</b>	<b>40%-70%</b>	

The asset allocation strategy will be reviewed at least annually by the Investment Committee to ensure its relevance to changing capital market conditions, spending

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needs, time horizon and/or tolerance for risk. The asset mix will be reviewed at least quarterly. When deemed appropriate, the asset mix will be rebalanced within a reasonably practicable period of time.

Market conditions may provide opportunities for reduced risk by maintaining an asset allocation strategy slightly different than that reflected above of 40% Fixed Income and 60% Equities. Accordingly, the Chief Financial Officer, with the concurrence both of the Investment Advisor and a designated representative of the Investment Committee, may elect to maintain an asset allocation strategy of up to 10% above or below the asset allocation targets above. The Fixed Income allocation may range from 30% to 50% and the Equities allocation may range from 40% to 70% of the investment portfolio. The investment policy target percentage is an initial reference point for allocation purposes. The target percentage for individual security categories may be adjusted by the Investment Advisor provided that the adjusted target percentage is within the investment policy range.

IV. INVESTMENT GUIDELINES

A. Third Party Agreement

All securities purchased under this policy shall be properly designated as an asset of and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by any two persons so authorized by the Board. The Finance Committee shall recommend custodial banks or institutions for approval and/or removal to the Board.


B. Fixed-Income

Diversification

No more than 2% of the managers fixed income portfolio at cost at time of purchase shall be invested in any one issue. There shall be no limit on securities of the U.S. Government, its agencies or their instrumentalities.

Quality

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Corporate bonds must have a credit rating of A or higher when purchased. All securities held shall maintain an investment-grade rating. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager’s discretion. If the security rating falls below the minimum required rating, the Investment Manager will inform the Investment Committee as to their recommended course of action. If the security is to be held the Investment Manager will, at a minimum, report quarterly any changes in conditions or recommendations.

Maturity

The maturity of the portfolio should be targeted against the effective maturity of the Barclays Gov’t./Corp Bond Index. The investment manager may use their discretion to alter the overall maturity of the portfolio plus or minus 1.0 year around their respective maturity target.

Fixed Income Securities


Portfolio investments will consist primarily of:

- straight and convertible bonds, notes, bills, money market instruments and other evidences of indebtedness ;
- mortgage-related securities;
- asset-backed securities;
- variable and floating rate securities;
- securities issued by municipalities (both taxable and tax-exempt); and
- the mutual fund of a registered investment advisor may be used and the prospectus will supersede the permissible securities listed above.

C. Equities

All equity securities must be registered on a national exchange.

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Diversification

No more than 2% of the manager's portfolio at cost, and 5% at market value, shall be invested in any one company.


Quality

Only securities whose quality is generally classified as investment-grade are permissible.

Turnover

There shall be no specific guidelines with regard to portfolio activity. By not restricting turnover, the manager is given the flexibility to adjust the asset mix and security selection to changing market expectations.

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Permissible Universe:

The following are permissible universes:


- common stocks traded on major U.S. exchanges and in the over-the-counter market;
- securities convertible into common stocks;
- mutual funds of International Equities; and
- mutual funds of Emerging Market Equities.

Investment Restrictions:

The account will not:

- purchase any security, if as a result, more than 20% of its total assets (valued at the time of purchase) would be invested in a single industry (for purposes of this restriction, the term industry shall have the meaning attributed to it by Standard & Poors Corporation);
- borrow money or pledge its assets;
- buy or sell real estate or interests in real estate, although it may purchase and sell (a) securities which are secured by real estate and (b) securities of companies which invest or deal in real estate;
- engage in the purchase and sale of futures or futures contracts
- purchase securities on margin;
- engage in short sales of securities or maintain a short position, unless at all times when a short position is open the account owns or has the right to obtain at no added cost securities identical to those sold short;
- purchase warrants;
- provide venture capital or invest in the securities of companies that

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provide venture capital; and


V. PERFORMANCE STANDARDS

Performance of the portfolio shall be reported monthly by the Investment Manager to the Chief Financial Officer. Investment performance will be monitored quarterly and manager performance will be evaluated at least annually. Performance goals are expressed as total rates of return, recognizing both realized and unrealized gains and losses. Thus there is no incentive to sell a security solely to realize a gain. The decision to realize gains and losses will therefore be made for the purpose of furthering the long term goals and objectives of the plan, and not merely to satisfy short-term performance measures. Reports shall include details of the characteristics of the portfolio as well as its performance for that period.

Material changes in the portfolio that result in deviations from the investment policies shall be reported to the Chief Executive Officer and the Finance Committee of HHMC by the Chief Financial Officer. Annually, the Investment Committee shall review the asset performance for all funds, including any donated, real and personal property assets.

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VI. DUTIES AND RESPONSIBILITIES

Board Responsibilities:

The Board of Commissioners responsibilities include:

- authority for investing funds of HHMC rests with the Board of Commissioners ("The Board");
- establish a Finance Committee to review and recommend policy changes to the Board; and
- establish an investment committee. Members of the Investment Committee shall have no active interest in the investments of the funds. The committee membership shall reflect a diversity of financial disciplines covering the types of instruments in which HHMC and its affiliates may invest.

Committee Responsibilities:

The Finance Committee responsibilities include:

- recommend this policy and any changes thereto, to the Board; and
- participate in an annual performance review of this policy as it applies to the Pension Plan.


The Investment Committee responsibilities include:

- review overall investment performance on an interim basis;
- review investment manager performance at least annually; and
- recommend policy changes to the Finance Committee.

Chief Financial Officer Responsibilities:

Direct responsibility for coordination of investment management in accordance with this policy rests with the Chief Financial Officer.

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Investment Manager(s) Responsibilities:

An independent professional investment management firm(s), hereinafter the "Investment Manager" is required to manage the investment of all funds listed above. Such firm(s) shall be selected by the Board. Investment Manager(s) shall accept full fiduciary responsibility for the accounts they manage.

Exceptions to the Policy may be permitted on a case by case basis as determined by the Chief Financial Officer. However, funds not invested by the professional manager(s) shall be explained in writing by the Chief Financial Officer, submitted to the Finance Committee on a quarterly basis, and reviewed as part of the Investment Committee activities.

The investment managers' responsibilities include:

- provide a quarterly portfolio performance review with annual, or more frequent, on-site presentations;
- present, upon request, of the manager's outlook , what investment decisions this outlook may trigger, and how these decisions could impact future results;
- recommend changes in the objectives, goals, or standards, based upon material and sustained changes in the capital markets;
- review and re-appraise, upon request, of the aforementioned investment program;
- comment, upon request, on investment results in light of the appropriate standards of performance;
- furnish a synopsis of key investment decisions made by the manager(s) with the underlying rationale and how those decisions could impact future results; and
- provide monthly portfolio updates including portfolio valuations and transaction ledgers including purchase and sale information.



## Attachment C

### HALIFAX HEALTH INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2018

# Halifax Health Portfolio

*Investment Account Balances  
as of September 30, 2018*

## Halifax Health Investment Accounts

### HH Holdings

<i>IM /Account Title/Account #</i>	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard /HH Holdings 0858-88032962086 Short-term Inv-Gr</i>	\$ 53,746,971	\$ 24,253,053	\$ 24,240,824	\$ (12,229)
<i>Ponder /HH Holdings 3040000414 Short-term Gov't/Corporate</i>	32,185,171	46,412,973	38,384,687	(8,028,286)
<i>Ponder /HH Holdings 3040000414 US Treasury Account</i>	73,704,944	71,722,642	71,794,411	71,769
<b>Totals:</b>	<b>\$ 159,637,086</b>	<b>\$ 142,388,668</b>	<b>\$ 134,419,922</b>	<b>\$ (7,968,746)</b>

### HHMC Liquid Investment Accounts

<i>Ponder /Hal Med Ctr Deprec 3040030258 Short-term Gov't Bond</i>	\$ 42,416,447	\$ 42,691,798	\$ 42,676,898	\$ (14,900)
<i>Ponder /Hal Med Ctr Deprec 3040030258 US Treasury Account</i>	-	85,076,653	85,162,456	85,803
<i>Vanguard /Hal Hosp Med Ctr dba HH 88060843876</i>	64,627	-	-	-
<b>Totals:</b>	<b>\$ 42,481,074</b>	<b>\$ 127,768,451</b>	<b>\$ 127,839,354</b>	<b>\$ 70,903</b>

**HHMC Debt & Self-Insurance Accounts**

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Wells Fargo</i> Hal Hos Tr Slf Ins fd 25564000	\$ 551,270	\$ 503,801	\$ 499,564	\$ (4,237)
<b>Totals:</b>	<b>\$ 551,270</b>	<b>\$ 503,801</b>	<b>\$ 499,564</b>	<b>\$ (4,237)</b>

**HH Foundation Accounts**

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
HMC Foundation Inc.				
Short-Term Invest-Gr Inst.	\$ 23,063,990	\$ 2,394,978	\$ 2,393,763	\$ (1,215)
Vanguard Federal Money Market	-	-	6,232,555	6,232,555
<i>Ponder</i>				
HMC Foundation Inc.				
US Treasuries	-	20,753,835	20,759,420	\$ 5,585
<i>Dimensional (DFA)</i>				
HMC Foundation Inc.				
Small-Cap Value	3,766,776	4,271,889	4,135,587	(136,302)
International Value	1,988,198	1,990,772	2,025,898	35,126
Emerging Markets Value	783,454	801,307	802,038	731
Large-Cap Value	8,234,389	9,161,854	9,168,303	6,449
<i>Vanguard</i>				
HMC Foundation Inc.				
Energy	690,464	767,910	289,048	(478,862)
Large-Cap Growth	4,193,118	5,122,411	2,316,628	(2,805,783)
Health Care	745,413	844,489	-	(844,489)
Small-Cap Growth	3,956,561	4,957,026	2,841,100	(2,115,926)
<b>Totals:</b>	<b>\$ 47,422,363</b>	<b>\$ 51,066,471</b>	<b>\$ 50,964,340</b>	<b>\$ (102,131)</b>

Account/Account	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
Halifax Hospice Inc.				
Short-Term Invest-Gr Inst	\$ 34,193,713	\$ 1,564,280	\$ 1,563,479	\$ (801)
<i>Ponder</i>				
Halifax Hospice Inc.				
US Treasuries	-	32,756,052	32,764,868	8,816
<i>Dimensional (DFA)</i>				
Halifax Hospice Inc.				
Small-Cap Value	5,852,386	6,637,174	6,425,404	(211,770)
International Value	3,462,531	3,467,013	3,528,186	61,173
Emerging Markets Value	1,400,147	1,432,054	1,433,361	1,307
Large-Cap Value	11,667,209	12,981,322	12,990,460	9,138
<i>Vanguard</i>				
Halifax Hospice Inc.				
Energy	676,922	744,785	766,112	21,327
Large-Cap Growth	5,614,193	6,858,428	6,888,493	30,065
Health Care	648,163	734,313	742,642	8,329
Small-Cap Growth	5,513,022	6,907,056	6,814,356	(92,700)
<b>Totals:</b>	<b>\$ 69,028,286</b>	<b>\$ 74,082,477</b>	<b>\$ 73,917,361</b>	<b>\$ (165,116)</b>

**HH Portfolio Totals with September 2018 Changes**

HH Holdings	\$ 159,637,086	\$ 142,388,668	\$ 134,419,922	\$ (7,968,746)
HHMC Liquid Investments Accounts	42,481,074	127,768,451	127,839,354	70,903
HHMC Debt & Self-Insurance Accounts	551,270	503,801	499,564	(4,237)
HH Foundation Accounts	47,422,363	51,066,471	50,964,340	(102,131)
HH Hospice Accounts	69,028,286	74,082,477	73,917,361	(165,116)
<b>Totals:</b>	<b>\$ 319,120,079</b>	<b>\$ 395,809,868</b>	<b>\$ 387,640,541</b>	<b>\$ (8,169,327)</b>

## HH Pension Accounts

<i>IM /Account/Account #</i>	Balance as of 9/30/2017	Balance as of 8/31/2018	Balance as of 9/30/2018	Change September 2018
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan Short-Term Invest-Gr Inst	\$ 132,311,686	\$ 13,020,608	\$ 12,513,967	\$ (506,641)
<i>Ponder</i>				
Halifax Staffing Inc. DB Pension Plan US Treasuries	-	111,438,512	111,437,912	(600)
<i>Dimensional (DFA)</i>				
Halifax Staffing Inc. DB Pension Plan Small-Cap Value	21,499,087	27,987,270	27,094,290	(892,980)
International Value	33,978,622	36,876,009	37,526,662	650,653
Emerging Markets Value	11,169,572	10,606,109	10,615,786	9,677
Large-Cap Value	21,401,560	25,875,339	25,893,553	18,214
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan Energy	9,166,438	11,195,702	11,516,304	320,602
Large-Cap Growth	13,525,779	15,533,834	15,601,928	68,094
Health Care	9,448,611	11,828,811	11,962,990	134,179
Small-Cap Growth	13,553,646	16,006,188	15,791,368	(214,820)
Wells Fargo Government Money Market	1,982	16	16,807	16,791
<i>Wells Fargo</i>				
Halifax Staffing Inc. DB Pension Plan Cash & Cash Equivalents	302,302	2,132,605	126,785	(2,005,820)
<b>Totals:</b>	<b>\$ 266,359,285</b>	<b>\$ 282,501,003</b>	<b>\$ 280,098,352</b>	<b>\$ (2,402,651)</b>

## Total Assets: Pension and Investment Accounts

### Totals with September 2018 Changes

Pension Accounts	\$ 266,359,285	\$ 282,501,003	\$ 280,098,352	\$ (2,402,651)
All Other Accounts	319,120,079	395,809,868	387,640,541	(8,169,327)
<b>Grand Total:</b>	<b>\$ 585,479,364</b>	<b>\$ 678,310,871</b>	<b>\$ 667,738,893</b>	<b>\$ (10,571,978)</b>

Halifax Health Investment Committee  
 2019 Quarterly Time Line  
 France Tower, Conference Room A

<b>Investment Committee Meeting Date</b>	<b>Presentation Period Ending</b>	<b>Agenda Items</b>	<b>Financial Advisor Update</b>	<b>Material Posted on District Website</b>
March 11, 2019	<b>December 31, 2018</b>	<ul style="list-style-type: none"> <li>▪ Quarterly update, Financial Advisor</li> </ul>	January 22	March 4
May 13, 2019	<b>March 31, 2019</b>	<ul style="list-style-type: none"> <li>▪ Quarterly update, Financial Advisor</li> <li>▪ Ponder annual manager update &amp; assessment</li> <li>▪ Expected investment return, FY 2019</li> <li>▪ Annual review of pension plan rate of return assumptions</li> </ul>	April 16	May 6
August 12, 2019	<b>June 30, 2019</b>	<ul style="list-style-type: none"> <li>▪ Quarterly update, Financial Advisor</li> <li>▪ DFA annual manager update &amp; assessment</li> <li>▪ Annual investment policies review</li> <li>▪ Annual investment policies checklist</li> <li>▪ Annual investment allocation review</li> <li>▪ Annual investment charter review</li> </ul>	July 16	August 5
November 11, 2019	<b>September 30, 2019</b>	<ul style="list-style-type: none"> <li>▪ Quarterly update, Financial Advisor</li> <li>▪ Vanguard annual manager update &amp; assessment</li> </ul>	October 15	November 4

MEMBERS: Ted Serbousek, Greg Motto, Decker Youngman, David Graffagnino, Susan Schandel, Daniel Francati  
 ADVISOR: Mike Walsh  
 STAFF: Jeff Feasel, Eric Peburn, Kent Bailey, Lisa Tyler, Joe Petrock, Ben Eby

**Halifax Health**  
**Investment Manager Performance Report - through September 30, 2018**

		<b>September Performance</b>	<b>Calendar YTD</b>	<b>Fiscal Year</b>
<b>Fixed Income</b>				
VFSIX - Vanguard Short-Term Investment Gr.	Perf	-0.05%	0.33%	0.38%
	BMK	-0.09%	-0.31%	-0.54%
VSGDX - Vanguard Short-Term Federal	Perf	-0.21%	0.02%	-0.16%
	BMK	-0.28%	-0.21%	-0.60%
VMFXX - Vanguard Federal MM Fund	Perf	0.16%	0.16%	0.16%
	BMK	-0.28%	-0.21%	-0.60%
Ponder Short-term Gov/Corporate - Holdings	Perf	-0.06%	0.81%	0.99%
	BMK	-0.09%	-0.31%	-0.54%
Ponder US Treasury Account - Holdings	Perf	0.10%	1.10%	1.24%
	BMK	-0.28%	-0.21%	-0.60%
Ponder Short-Term Government - HHMC	Perf	-0.03%	0.63%	0.62%
	BMK	-0.28%	-0.21%	-0.60%
Ponder US Treasury Account - HHMC	Perf	0.10%	0.61%	0.61%
	BMK	-0.28%	-0.21%	-0.60%
Ponder US Treasury Account - Foundation	Perf	0.03%	0.47%	0.47%
	BMK	-0.28%	-0.21%	-0.60%
Ponder US Treasury Account - Hospice	Perf	0.03%	0.47%	0.47%
	BMK	-0.28%	-0.21%	-0.60%
Ponder US Treasury Account - Pension	Perf	0.00%	0.44%	0.44%
	BMK	-0.28%	-0.21%	-0.60%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.02%</b>	<b>0.56%</b>	<b>0.61%</b>
	<b>BMK</b>	<b>-0.24%</b>	<b>-0.27%</b>	<b>-0.69%</b>
<b>Equities</b>				
DFSVX - DFA Small Cap Value	Perf	-3.19%	6.45%	10.61%
	BMK	-2.48%	7.14%	9.33%
DFLVX - DFA Large Cap Value	Perf	0.07%	3.60%	11.34%
	BMK	0.20%	3.92%	9.46%
DFIVX - DFA International Value	Perf	1.76%	-3.34%	1.91%
	BMK	0.78%	-1.50%	2.67%
DFEVX - DFA Emerging Markets	Perf	0.09%	-5.13%	2.37%
	BMK	-0.53%	-7.65%	-0.78%
VGELX - Vanguard Energy	Perf	2.86%	8.14%	15.11%
	BMK	3.50%	8.64%	16.04%
VIGIX - Vanguard Large-Cap Growth	Perf	0.44%	15.51%	22.71%
	BMK	0.56%	17.35%	26.58%
VGHAX - Vanguard Health Care	Perf	1.13%	13.94%	14.59%
	BMK	1.84%	12.54%	13.95%
VSGIX - Vanguard Small-Cap Growth	Perf	-1.34%	16.87%	23.60%
	BMK	-2.34%	15.68%	20.99%
<b>Weighted Composite</b>	<b>Perf</b>	<b>-0.08%</b>	<b>5.47%</b>	<b>11.84%</b>
	<b>BMK</b>	<b>-0.18%</b>	<b>5.87%</b>	<b>11.34%</b>

**Halifax Health**  
**Investment Manager Performance Report - through September 30, 2018**

	<b>Invested Balance</b>	<b>September Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 24,240,824	Perf -0.05%	0.33%	0.38%
		BMK -0.09%	-0.31%	-0.54%
Ponder Short-Term Gov't/Corporate	38,384,687	Perf -0.06%	0.81%	0.99%
		BMK -0.09%	-0.31%	-0.54%
Ponder US Treasury Account	71,794,411	Perf 0.10%	1.10%	1.24%
		BMK -0.28%	-0.21%	-0.60%
Total HH Holdings	<u>\$ 134,419,922</u>	Composite Budget	<b>0.02%</b>	<b>0.78%</b>
				<b>0.90%</b>
				1.00%
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,676,898	Perf -0.03%	0.63%	0.62%
		BMK -0.28%	-0.21%	-0.60%
Ponder US Treasury Account	85,162,456	Perf 0.10%	0.61%	0.61%
		BMK -0.28%	-0.21%	-0.60%
VSGDX - Vanguard Short-Term Federal	0	Perf -0.21%	0.02%	-0.16%
		BMK -0.28%	-0.21%	-0.60%
Wells Fargo Halifax Hospital Trust	499,564	Perf 0.15%	0.65%	0.90%
		BMK -0.28%	-0.21%	-0.60%
Total HHMC	<u>\$ 128,338,918</u>	Composite Budget	<b>0.06%</b>	<b>0.61%</b>
				<b>0.61%</b>
				1.00%



## Halifax Health

### Investment Manager Performance Report - through September 30, 2018

Foundation	Invested Balance	September Performance	Calendar YTD	Fiscal YTD
VFSIX - Vanguard Short-Term Invest Grade	\$ 2,393,763	Perf -0.05% BMK -0.09%	0.33% -0.31%	0.38% -0.54%
Ponder US Treasury Account	20,759,420	Perf 0.03% BMK -0.28%	0.47% -0.21%	0.47% -0.60%
VMFXX Vanguard Federal MM Fund	6,232,555	Perf 0.16% BMK -0.28%	0.16% -0.21%	0.16% -0.60%
DFSVX - DFA Small Cap Value	4,135,587	Perf -3.19% BMK -2.48%	6.45% 7.14%	10.61% 9.33%
DFIVX - DFA International Value	2,025,898	Perf 1.76% BMK 0.78%	-3.34% -1.50%	1.91% 2.67%
DFEVX - DFA Emerging Markets	802,038	Perf 0.09% BMK -0.53%	-5.13% -7.65%	2.37% -0.78%
DFLVX - DFA Large Cap Value	9,168,303	Perf 0.07% BMK 0.20%	3.60% 3.92%	11.34% 9.46%
VGELX - Vanguard Energy	289,048	Perf 2.86% BMK 3.50%	8.14% 8.64%	15.11% 16.04%
VIGIX - Vanguard Large-Cap Growth	2,316,628	Perf 0.44% BMK 0.56%	15.51% 17.35%	22.71% 26.58%
VGHAX - Vanguard Health Care	-	Perf 1.13% BMK 1.84%	13.94% 12.54%	14.59% 13.95%
VSGIX - Vanguard Small-Cap Growth	2,841,100	Perf -1.34% BMK -2.34%	16.87% 15.68%	23.60% 20.99%
<b>Total Foundation</b>	<b>\$ 50,964,340</b>	Composite Budget	<b>-0.20%</b> <b>4.22%</b>	<b>7.47%</b> <b>3.50%</b>

**Halifax Health**  
**Investment Manager Performance Report - through September 30, 2018**

	<b>Invested Balance</b>	<b>September Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 1,563,479	Perf -0.05%	0.33%	0.38%
		BMK -0.09%	-0.31%	-0.54%
Ponder US Treasury Account	32,764,868	Perf 0.03%	0.47%	0.47%
		BMK -0.28%	-0.21%	-0.60%
DFSVX - DFA Small Cap Value	6,425,404	Perf -3.19%	6.45%	10.61%
		BMK -2.48%	7.14%	9.33%
DFIVX - DFA International Value	3,528,186	Perf 1.76%	-3.34%	1.91%
		BMK 0.78%	-1.50%	2.67%
DFEVX - DFA Emerging Markets	1,433,361	Perf 0.09%	-5.13%	2.37%
		BMK -0.53%	-7.65%	-0.78%
DFLVX - DFA Large Cap Value	12,990,460	Perf 0.07%	3.60%	11.34%
		BMK 0.20%	3.92%	9.46%
VGELX - Vanguard Energy	766,112	Perf 2.86%	8.14%	15.11%
		BMK 3.50%	8.64%	16.04%
VIGIX -Vanguard Large-Cap Growth	6,888,493	Perf 0.44%	15.51%	22.71%
		BMK 0.56%	17.35%	26.58%
VGHAX - Vanguard Health Care	742,642	Perf 1.13%	13.94%	14.59%
		BMK 1.84%	12.54%	13.95%
VSGIX - Vanguard Small-Cap Growth	6,814,356	Perf -1.34%	16.87%	23.60%
		BMK -2.34%	15.68%	20.99%
Total Hospice	<u>\$ 73,917,361</u>	Composite Budget	<b>-0.22%</b>	<b>3.83%</b>
				<b>7.04%</b> 3.50%

**Halifax Health**  
**Investment Manager Performance Report - through September 30, 2018**

	<b>Invested Balance</b>	<b>September Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 12,513,967	Perf -0.05%	0.33%	0.38%
		BMK -0.09%	-0.31%	-0.54%
Ponder US Treasury Account	111,437,912	Perf 0.00%	0.44%	0.44%
		BMK -0.28%	-0.21%	-0.60%
DFSVX - DFA Small Cap Value	27,094,290	Perf -3.19%	6.45%	10.61%
		BMK -2.48%	7.14%	9.33%
DFIVX - DFA International Value	37,526,662	Perf 1.76%	-3.34%	1.91%
		BMK 0.78%	-1.50%	2.67%
DFEVX - DFA Emerging Markets	10,615,786	Perf 0.09%	-5.13%	2.37%
		BMK -0.53%	-7.65%	-0.78%
DFLVX - DFA Large Cap Value	25,893,553	Perf 0.07%	3.60%	11.34%
		BMK 0.20%	3.92%	9.46%
VGELX - Vanguard Energy	11,516,304	Perf 2.86%	8.14%	15.11%
		BMK 3.50%	8.64%	16.04%
VIGIX - Vanguard Large-Cap Growth	15,601,928	Perf 0.44%	15.51%	22.71%
		BMK 0.56%	17.35%	26.58%
VGHAX - Vanguard Health Care	11,962,990	Perf 1.13%	13.94%	14.59%
		BMK 1.84%	12.54%	13.95%
VSGIX - Vanguard Small-Cap Growth	15,791,368	Perf -1.34%	16.87%	23.60%
		BMK -2.34%	15.68%	20.99%
Wells Fargo Cash	126,785			
Wells Fargo Money Market	16,807			
Total Pension	<u>\$ 280,098,352</u>	Composite	<b>0.03%</b>	<b>2.66%</b>
		Budget		6.75%
<b>Total Halifax Health, including Pension</b>	<u><b>\$ 667,738,893</b></u>			
<b>Total Halifax Health, excluding Pension</b>	<u><b>\$ 387,640,541</b></u>			